

# **HOUSING MARKET STUDY**

**CENTRE COUNTY HOUSING & LAND TRUST**

**AUGUST 2011**

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Centre County Housing and Land Trust

## CENTRE COUNTY HOUSING AND LAND TRUST HOUSING MARKET STUDY

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## 1. INTRODUCTION

### A. Background

Community land trusts (CLT) and ground leases are not new concepts. The origin of CLTs can be traced to many regions of the world, including the “commons” of England, the Crofter system in Scotland, the Ejidos in Mexico, tribal lands in Africa, the Gramdan movement in India and the Jewish National Fund in Israel. The first community land trust in the United States was created in Albany, Georgia in 1970 as a means to create cooperative leases for farmland.

Community land trusts have evolved from their rural agricultural roots in the South as a mechanism to preserve affordable housing in urban and suburban areas. The first municipally funded CLT was created in Burlington, Vermont in 1984. Since that time, more than 200 CLTs have been created throughout the nation, including the State College Community Land Trust (SCCLT) in State College, PA. In light of the unique sources of funds used to capitalize SCCLT and finance its operations, the geographic jurisdiction of this organization is limited to State College Borough.

### B. The Community Land Trust Model

The central principle of a residential CLT is that ownership of the house (i.e., bricks and mortar and other improvements) is split from the ownership of the underlying land. The improvements are owned by the individuals and households that occupy the dwelling while the underlying land is owned by a non-profit corporation, i.e., the Trust.

Community land trusts buy or accept gifts of land and lease that land back to homeowners under a 99-year lease that is inheritable and automatically renewable. Essentially, the CLT mechanism removes the cost of land from the purchase price in order to render the cost of housing more affordable to low and moderate income buyers. The CLT normally retains a right of first refusal to buy buildings from residents who move out of the property. The CLT recycles ownership of the improvements to a successor low and moderate income homebuyer, preserving affordability in the process.

The homebuyer achieves several objectives, including control of the property, predictability in mortgage costs, inheritability and creation of wealth. The buyer secures a mortgage loan equal to the value of the improvements, but not including the value of the underlying land.

Removing the value of the land from the mortgage amount helps to keep the buyer's monthly payment affordable. The buyer remits a monthly land lease payment to the CLT. Should the homebuyer decide to move, he or she shares in any appreciation in value in accordance with the terms of an agreement that is executed with the CLT at the time of initial purchase. This provision allows the homebuyer to build equity in the property. From the perspective of the homebuyer, the trade-off involves participation in some,



but not all of the appreciation in the value of the property at the time of sale. The CLT model is often referred to as a “shared equity” approach to homeownership.

### C. Target Market

CCHLT targets prospective homebuyers with incomes between 60% and 120% of Centre County’s area median income .

In certain circumstances, CCHLT partners with Habitat for Humanity or other affordable housing stakeholders in Centre County to create homeownership opportunities for households with incomes below 60% of the area median income.

### D. Centre County 2005 Housing Needs Assessment

On October 25, 2005, Centre County published a document entitled *Centre County Affordable Housing Needs Assessment: A Blueprint for Action*. This report identifies the county’s critical housing needs for the period 2005 to 2030.

There are several observations and recommendations in this report that attest to the need for additional rental and sales housing in Centre County. These findings were considered as part of the research conducted in support of the Housing Market Study, as they relate to the need for additional sales housing for low and moderate income households. The following overall observations included in the county’s 2005 Housing Needs Assessment led to the creation of CCHLT in 2007:

- An additional 16,091 households are expected to reside in Centre County through 2030.
- 60% of the new households are expected to be homeowners.
- 83% of the new owners will demand single family homes, which translates to a total demand of 9,654 sales units.
- The total demand for new single family sales units could be reduced to 7,276 if all of the vacant single family homes in the county became occupied.

In 2000, 13,000 households, or 27% of all county households, were earning less than \$52,000.<sup>1</sup> To determine the potential market demand for new single-family units affordable to low and moderate income households it was projected that 1,964 (or 27%) of the total demand for 7,276 new homes needed to be affordable to low and moderate income households. This is a very conservative estimate, since it excludes households with male heads of household and no wife present as well as female heads of household and no husband present.

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<sup>1</sup> According to HUD estimates, \$52,000 is the median household income needed to afford a median priced home in Centre County.

The analysis also explored the demand for affordable housing using CHAS<sup>2</sup> data from HUD. The table below represents an estimate of unmet housing need in 2000.

**Figure 1-1  
Unmet Housing Need, 2000**

	Total	Elderly 62 and older	Small Families; 2 to 4 members	Large Families; 5 or more members	All Others
Less than 30% of AMI	1,667	880	353	93	341
30% to 50% of AMI	0	0	0	0	0
50% to 80% of AMI	5,328	1,919	2,075	497	837
TOTAL	6,995	2,799	2,428	590	1,178

Source: 2000 U.S. Census, CHAS Data Book

- At the time the Housing Needs Assessment was published, the State College Community Land Trust was considering expanding its service area to include all of Centre County.
- Local units of government should consider universal design standards to address the need for additional adaptable, accessible and visitable housing.
- When expanding the supply of affordable sales housing, the county should consider alternatives to fee simple ownership.
- The county should encourage its major employers to participate in an Employer Assisted Housing Program so that employees of these organizations and institutions can afford to live in proximity to the workplace.

## E. Household Income

Median income is used to determine eligibility for HUD programs and is based on family size. To qualify for most HUD programs, a household's income must be equal to or less than 80% of the median income for an area, as determined by HUD. For example, the HUD median income for the State College Metropolitan Statistical Area (MSA) in 2010 was \$66,300. Area median income is the benchmark used throughout this report.

<sup>2</sup> The Comprehensive Housing Affordability Strategy data (CHAS) is comprised of HUD-formulated census data on housing, the purpose of which is to demonstrate the number of households in need of housing assistance.

## **F. Purpose of Study**

The purpose of the Housing Market Study is to explore the demand for shared equity sales housing in Centre County. Since the Borough of State College already has its own CLT, this study will focus on the geographical area of the county beyond the political boundaries of State College Borough. The Housing Market Study will address several issues that are critical to CCHLT's mission, including:

- Will the local economy support absorption of sales housing by low and moderate income homebuyers?
- How has the sales housing market in Centre County changed since 2005?
- Is there consumer demand for shared equity housing in Centre County (i.e. if we build it, will they come?)
- What types of sales housing features are valued by prospective homebuyers in Centre County?
- Are consumers familiar with and interested in purchasing shared equity sales housing outside of State College Borough?
- Which locations in the county are most attractive to prospective homebuyers?
- Would consumers be willing to absorb a slightly higher monthly cost of housing if they are able to reduce their commuting distance and the cost of transportation to work?
- How will the program be capitalized and managed?
- How will success be measured?

## **G. Selection of a Consultant to Conduct the Housing Market Study**

A Request for Proposals (RFP) was issued in the summer of 2008 for consulting firms experienced in conducting housing market studies. After reviewing proposals, CCHLT selected the firm of Mullin & Lonergan Associates (M&L) to conduct the study. From its offices in Pittsburgh and Camp Hill, PA, M&L provides a comprehensive array of housing and community planning services. CCHLT entered into a contract with M&L on April 7, 2010 to conduct the Housing Market Study.

## **H. Advisory Committee**

CCHLT assembled a committee of housing and community stakeholders to oversee the development of the Housing Market Study. M&L met with the Advisory Committee on April 27, 2010, to set the parameters for the project, discuss the research methodology and to define desired outcomes. During the course of the research, M&L met with several members of the Advisory Committee individually to obtain input into the planning process. The Advisory Committee was convened again to review and improve the draft report. Members of the Advisory Committee include:

- George Khoury, President CCHLT
- Steven Bodner, CC Association of Realtors
- Sally Lenker, CCHLT
- Carl Hess, CCHLT
- Adam Brumbaugh, College Township
- Libby Gretzler, Jersey Shore State Bank, CC Affordable Housing Coalition
- Bob Jacobs, CC Planning
- Andy Haines, S&A Homes

## I. Methodology

M&L's approach to this assignment involves two inter-related tasks.

- Primary research

Primary research for this assignment consisted of targeted outreach to consumers, a general online consumer preference survey, outreach to major employers and interviews/focus group meetings with several housing stakeholders including:

- residential real estate brokers
- for-profit residential developers
- non-profit residential developers
- State College Community Land Trust
- Centre County Planning and Community Development Office
- Centre County Housing Authority
- Centre Area Transportation Authority
- mortgage lenders
- major employers.

- Secondary research

Secondary research conducted in conjunction with this study included the collection and analysis of demographic, economic and housing data, including MLS data from the Centre County Board of Realtors. Other forms of secondary research included Home Mortgage Disclosure Act (HMDA) data, local land use ordinances, local government affordable housing incentives and building permit data.

## 2. HISTORY OF CENTRE COUNTY HOUSING AND LAND TRUST

In light of the results of the 2005 Housing Needs Assessment and the steady increase in residential sales prices in the Centre Region, the Board of County Commissioners and housing stakeholders in Centre County sought to address the need for sales housing affordable to low and moderate income households. Housing stakeholders in Centre County observed that the local home building industry is highly responsive to the demand for upscale sales housing, but less responsive to the need for moderately priced housing. This stands to reason because the upscale segment of the homebuilding market generates the highest profit margins.

Certain local units of government in the county encourage the development of mixed-income sales housing through the use of density bonuses and other incentives. While developers have expressed an interest in these incentives, there has been little moderately priced housing built in Centre County in response to these inducements. This has been due to a combination of market demand for higher priced market-rate housing units and the recent economic recession. The county and its housing stakeholders wished to address the need for less expensive homes that are affordable to households with incomes between 60% and 120% of median income.

In response to this perceived need, the Centre County Housing and Land Trust (CCHLT) was formed in the summer of 2007. The anticipated role of CCHLT was to pick up where the State College CLT (SCCLT) leaves off so that all residents of Centre County could avail themselves to the benefit of CLT housing. CCHLT's mission is to provide development and oversight of affordable housing for persons in Centre County, including those of low and moderate income. It is anticipated that the research presented in this report will guide CCHLT as it embarks on new projects and initiatives to fulfill its mission.

CCHLT's task has been made simpler by the success of SCCLT. Since 1998, SCCLT has completed over 30 CLT transactions in the Borough of State College. As such, the accomplishments of SCCLT establish a strong foundation for CCHLT's mission. Many local Realtors now understand the CLT model. Local lenders are becoming more comfortable with the CLT model. They have developed specialized CLT mortgage products that have withstood the test of time. Likewise, local appraisers are now comfortable with the special requirements of a CLT transaction, including separate valuations for land and buildings. Land leases and other legal instruments have already been created. SCCLT's work has paved the way for CCHLT's expansion of the CLT model into other areas of Centre County.

### A. Initial Project: Collaboration with Habitat for Humanity

Habitat for Humanity of Greater Centre County (HHGCC) was established in the early 1980s and concentrates its efforts in Centre and Clinton counties. For over 28 years, HHGCC has enabled 56 households to escape substandard housing and to realize the pride of homeownership. HHGCC is

a nonprofit, ecumenical housing ministry focused on building simple, decent, affordable houses with those who require shelter.

Habitat is able to make housing affordable to low-income households because:

- Habitat provides a no-profit, no-interest mortgage to its buyers, which eliminates the need for a commercial mortgage loan.
- Individuals, corporations, faith groups, and others provide contributions of material and labor.
- Homeowners and volunteers help to build the houses themselves under trained supervision.

HHGCC was one of the founding members of CCHLT. Recently, HHGCC and CCHLT collaborated on Thompson Place, a housing development on Woodycrest Street in Patton Township. The opportunity to develop decent, affordable workforce housing arose when a mobile home park located on the site was slated for closure. Patton Township was interested in seeing that the site was developed to its highest and best use. The Township had insisted that a number of affordable housing units be built on the site in exchange for rezoning the property to allow for commercial development. .

Through a cooperative partnership between HHGCC, CCHLT, Patton Township, and the original land owner (who wanted to develop the site commercially), an agreement was reached to build housing on the site of the former mobile home park. One of the stipulations in the agreement was that within five years, all of the houses must be under construction or completed. In addition, the agreement stipulated that the landowner would deed 1.6 acres of land to CCHLT in exchange for rezoning the remainder of the land for commercial use. This allowed Habitat to remove the cost of the land from the sales price. To date, the project has met the goals of all participating entities.

To date, the project has met the goals of all of the organizations involved. This land was gifted to the CCHLT by deed. This allowed Habitat to remove the cost of the land from the sales price.

There are 14 lots on the former mobile home park site, 12 of which are currently controlled by Habitat. The lots are all under 5,000 square feet, or roughly less than a quarter of an acre. One lot is controlled by CCHLT and may be the future site of a model home. Nine homes have been completed and a tenth home is nearly completed as of April 2011. All of the homes are targeted for buyers with incomes less than 80% of the family area median income (AMI). Seven of the homes are targeted for buyers with incomes between 48% and 60% of the AMI.

Buyers must provide up to 500 hours of sweat equity in order to purchase a Habitat home. The selling price of a home is in the \$70,000-\$90,000 range, which includes material costs and some specialized labor costs. Habitat provides financing to prospective buyers at 0% interest, with the terms of the loan determined by the homeowner's income. The repayment period

ranges from 15 to 40 years. Most of the buyers under Habitat programs have monthly costs of principal, interest, taxes, and insurance of less than \$1,000 per month. Habitat also has a forgivable mortgage program for qualifying homebuyers. However, this program is not available for Habitat homes built on land trust lots.

**B. Administrative Capacity**

For three years, CCHLT operated as a volunteer organization, with operational support coming from its five original partner organizations. On October 26, 2010, the Board of County Commissioners agreed to provide part-time administrative support to CCHLT through the Centre County Planning and Community Development Office. The agreement between the CCHLT and the Centre County Board of Commissioners was for a period of one year.

### 3. ECONOMIC CONDITIONS AND TRENDS

Centre County's housing market is a reflection of the county's economy. When the local economy is expanding and prospects for continued employment are high, consumers spend aggressively on housing. However, during periods of economic uncertainty, there is a normal contraction in the housing market. The following discussion of trends and projections in occupations and employment provides a basis for discussion of the ability of households to afford housing, which will impact housing choice and demand in Centre County.

Due to the nature of the data sources, a considerable amount of the economic data included in this section is presented for Centre County as a whole. When available, school district level data also are presented.

#### A. Labor Force and Unemployment

The labor force in Centre County has expanded over the past decade. Between 2000 and 2010, Centre County's civilian labor force increased 10.6% from 68,414 to 75,684. Civilian labor force includes those residents of Centre County who have jobs or are seeking a job, are at least 16 years of age, are not serving in the military, and are not institutionalized. In other words, the civilian labor force includes all Centre County residents who are eligible to work in the everyday economy.

During the same period, the number of unemployed persons more than doubled, and the unemployment rate jumped from 3.5% in 2000 to 6.3% in 2010. A large portion of this increase in unemployment can be contributed to the national economic downturn beginning in 2008. Immediately prior to the recession, between 2004 and 2007, the number of unemployed persons had been decreasing in the county.

**Figure 3-1**  
**Trends in Civilian Labor Force, 2000 to 2010**

Year	Civilian Labor Force	Total Employed	Total Unemployed	Unemployment Rate
2000	68,414	66,041	2,373	3.5%
2001	70,463	67,811	2,652	3.8%
2002	72,037	68,974	3,063	4.3%
2003	70,445	67,365	3,080	4.4%
2004	71,650	68,424	3,226	4.5%
2005	72,607	69,698	2,909	4.0%
2006	72,978	70,277	2,701	3.7%
2007	73,552	71,003	2,549	3.5%
2008	75,407	72,159	3,248	4.3%
2009	75,376	71,006	4,370	5.8%
2010*	75,684	70,898	4,786	6.3%

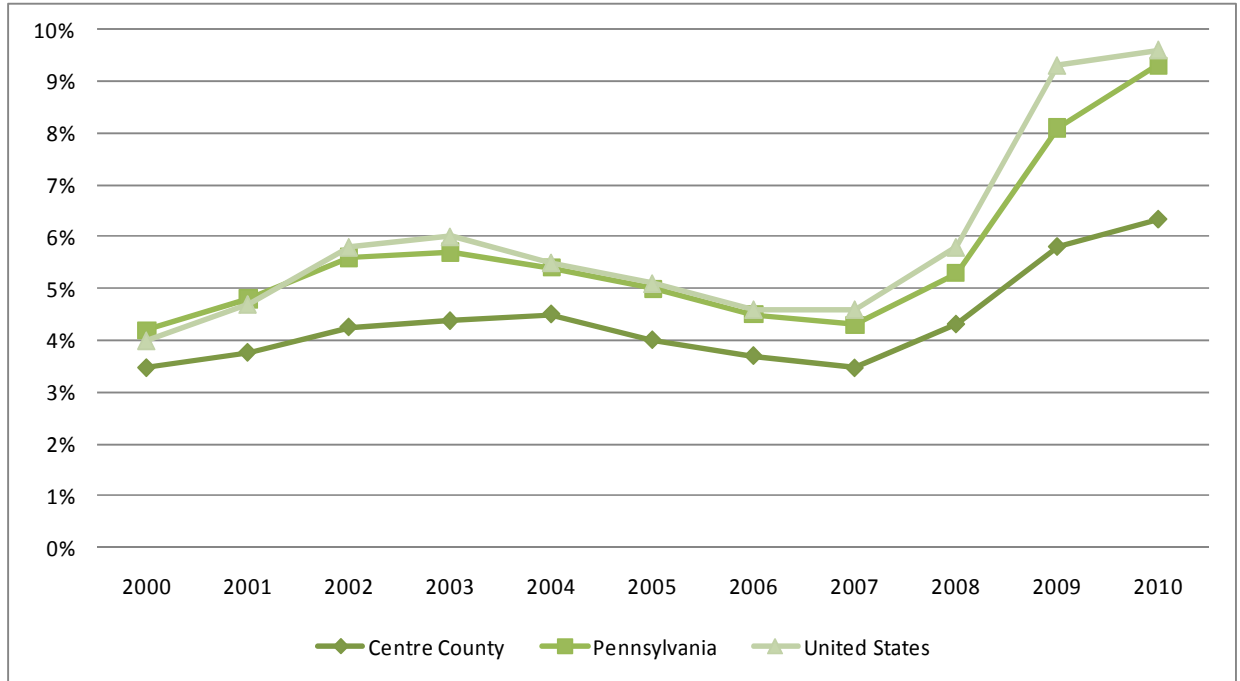
*\*2010 annual data was not available at the time of writing. Therefore, 2010 data here is the average of the monthly labor force data published by the Bureau of Labor Statistics*

Source: U.S. Bureau of Labor Statistics



**Unemployment in Centre County has paralleled national trends, but remains lower than in Pennsylvania and the U.S.** The unemployment rate in the county was consistently one or two percentage points lower than the national rate between 2000 and 2007. With the beginning of the recession in 2008, unemployment began to increase throughout Centre County and the United States. However, unemployment increased at a much higher rate nationally than in Centre County. By 2010, unemployment in Centre County was 6.3% compared to 9.6% nationwide.

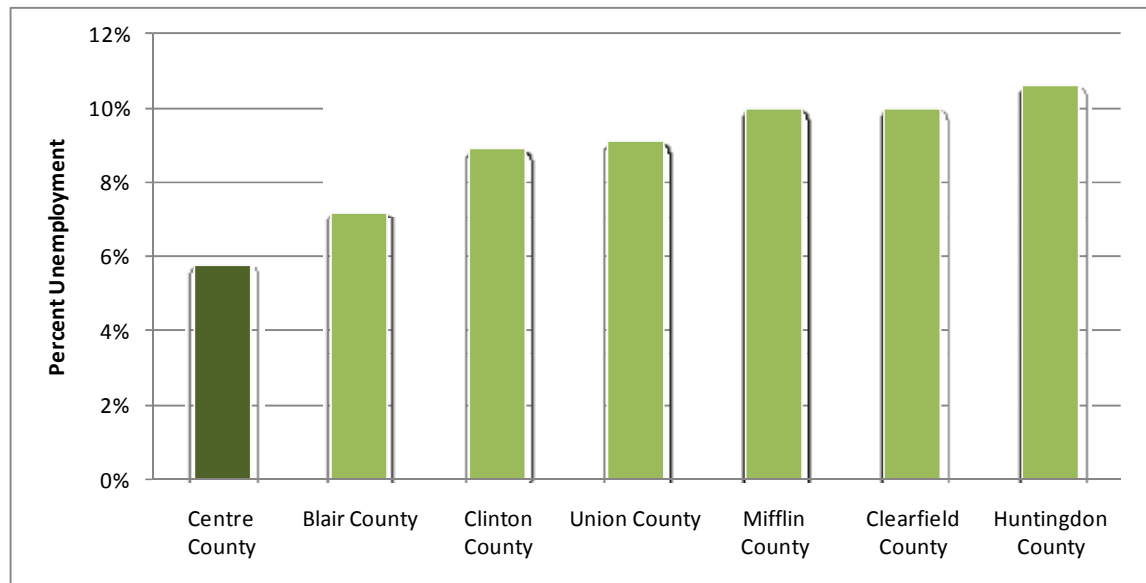
**Figure 3-2**  
**Unemployment Trends, 2000 to 2010**



Source: U.S. Census Bureau

**Within the central Pennsylvania region, Centre County had the lowest unemployment rate in 2009.** Blair County had the second lowest unemployment rate of 7.2%, while unemployment in Huntingdon County reached 10.6%.

**Figure 3-3**  
**Regional Unemployment Rates, 2009**



Source: U. S. Census Bureau, U.S. Department of Labor

**Total employment in Centre County increased 4.7% between 2000 and 2009.** Over 3,000 jobs were added during this period, increasing total employment to 67,716.<sup>3</sup>

**Educational, health, and social services represent the largest sector in Centre County's economy. This reflects the influence of Penn State University on the local economy.** In 2009, over one-third of Centre County residents were employed in the educational, health, or social services sectors. Wholesale and retail trade comprised the second largest employment sector, with almost 9,000 residents employed.

**Over the past decade, the largest decrease in jobs occurred within the manufacturing sector.** Nearly one-quarter of manufacturing jobs, or 23.3%, were lost between 2000 and 2009. The largest proportional decrease in jobs was within the agriculture, forestry, and mining industries, which fell 36.1%.

<sup>3</sup> Given differences in the manner of data collection, total employment numbers from the Census Bureau may differ from those of the Bureau of Labor Statistics.

**Figure 3-4**  
**Employment by Industry, 2000 to 2009**

	2000		2009		Change 2000 to 2009	
	#	%	#	%	#	%
<b>Total</b>	<b>64,663</b>	<b>100.0%</b>	<b>67,716</b>	<b>100.0%</b>	<b>3,053</b>	<b>4.7%</b>
Agriculture, forestry, and mining	1,116	1.7%	713	1.1%	(403)	-36.1%
Construction	3,116	4.8%	4,033	6.0%	917	29.4%
Manufacturing	6,824	10.6%	5,234	7.7%	(1,590)	-23.3%
Wholesale and retail trade	7,600	11.8%	8,998	13.3%	1,398	18.4%
Transportation, warehousing, and utilities	1,984	3.1%	1,798	2.7%	(186)	-9.4%
Information	1,538	2.4%	1,384	2.0%	(154)	-10.0%
Finance, insurance, and real estate	2,573	4.0%	2,883	4.3%	310	12.0%
Professional, management, administrative services	4,847	7.5%	5,341	7.9%	494	10.2%
Educational, health and social services	23,431	36.2%	24,300	35.9%	869	3.7%
Entertainment, accommodations, food services	6,987	10.8%	7,690	11.4%	703	10.1%
Other services (except public)	2,382	3.7%	2,988	4.4%	606	25.4%
Public administration	2,265	3.5%	2,354	3.5%	89	3.9%

Source: U.S. Census Bureau. Note: Given differences in data collection, total employment numbers from the Census Bureau may differ from those of the Bureau of Labor Statistics

## B. Wages and Salaries

Wages are the sum of income received regularly by people 16 years old and over before deductions for person income taxes, social security, union dues, and Medicare deductions. The term “real wages” refers to wages that have been adjusted for inflation.

**The average annual wage for all service-providing industries has increased over the past decade and in 2009 was equal to 81.1% of the average annual wage for all industries.** Between 2001 and 2009, the average real wage in service-providing industries increased 12.6%, compared to 6.6% for all industries. Real wage growth has been strongest within the professional and business services, which had an increase of 27.7% in average real wages. Within the service-providing industries, only those providing “other services” experienced a loss in real wages.

**Among goods-producing industries, the average real income decreased slightly.** On a whole, average real wages in the goods-producing sector decreased 0.3% from 2001 to 2009. However, there was significant variability within the sector. Natural resources and mining had a 13.9% increase in average real wages between 2001 and 2009. By comparison, construction industries increased real wages by 3.3% and the manufacturing industries experienced a slight decrease in wages of 0.7%.

**Figure 3-5  
Real Wages by Industry, 2001 to 2009**

Industry	Average Annual Real Wages		
	2001*	2009	% Change 2001 to 2009
<b>All industries</b>	<b>\$36,268</b>	<b>\$38,658</b>	<b>6.6%</b>
<b>Goods-Producing Industries</b>	<b>\$41,826</b>	<b>\$41,629</b>	<b>-0.5%</b>
Natural Resources, Mining	\$29,769	\$33,905	13.9%
Construction	\$39,311	\$40,617	3.3%
Manufacturing	\$43,097	\$42,775	-0.7%
<b>Service-Providing Industries</b>	<b>\$27,845</b>	<b>\$31,342</b>	<b>12.6%</b>
Trade, Transportation, and Utilities	\$24,184	\$25,240	4.4%
Information	\$47,285	\$53,040	12.2%
Finance, Insurance, and Real Estate	\$39,825	\$40,757	2.3%
Professional and Business Services	\$40,056	\$51,169	27.7%
Educational and Health Services	\$34,390	\$38,810	12.9%
Leisure and Hospitality Services	\$11,797	\$12,469	5.7%
Other Services, Ex. Public Admin	\$20,565	\$20,504	-0.3%
<b>Public Administration</b>	<b>---</b>	<b>---</b>	<b>---</b>
State Government	\$50,147	\$49,991	-0.3%
Local Government	\$33,962	\$36,491	7.4%
Federal Government	\$57,039	\$60,265	5.7%

\*Adjusted to 2009 dollars

Source: U.S. Bureau of Labor Statistics

Among government employees working in public administration, federal employees had the highest average annual wage in 2009. State employees had the second highest average wage of almost \$50,000, but this represented a slight decrease in real wages from 2001 levels. Local government employees have the lowest average wages among public administrators, but also experienced the largest growth in average real wages of 7.4% over the past ten years.

### C. Major Employers

Penn State University is the dominant employer in Centre County. In 2008 (the most recent year for which data is available), Penn State employed nearly 15,000 persons. Of the nearly 26,000 persons employed by the 15 largest employers in the county, 57.5% were Penn State employees. The second-largest employer, Pennsylvania government, employed 2,292 people. Educational and governmental institutions comprised the largest employment sectors. In total, 20,518 persons were employed by a government or educational institution in 2008.

**Figure 3-6  
Top 15 Employers in Centre County, 2008**

Employer	Product or Service	# of Employees
Pennsylvania State University	Higher Education	14,949
State Government	State Government	2,292
State College Area School District	K-12 Education	1,454
Mount Nittany Medical Centre	Medical and Surgical Hospital	1,240
Wal-Mart/Sam's Club	Retail	897
County of Centre	County Government	875
Glenn O. Hawbaker, Inc.	General Contractor	660
Federal Government	Federal Government	500
Raytheon	Research and Development	500
Wegmans Food Markets	Regional grocery chain	454
Weis Markets	Regional grocery chain	451
HRI, Inc.	General Contractor	450
Bellefonte Area School District	K-12 Education	448
Jostens Printing and Publishing*	Short run printer, hard-cover books	435
Accu-Weather, Inc.	Worldwide weather service	392
<b>Total Employees</b>		<b>25,997</b>

\*Josten's announced in April 2011 that it is closing its State College book publishing plant.

Source: Centre County Industrial Development Corporation

As part of this study, questionnaires were distributed to the major employers in Centre County. Only two completed questionnaires were returned, one from Penn State University and the other from the Centre County government. Both employers indicated that the local housing market was neither an asset nor an obstacle in attracting or retaining employees. Neither organization offered assisted housing incentives, nor were recruitment efforts for either employer impacted by the cost of housing in the county.

## **D. Economic Indicators**

### **i. Real Growth / Decline in Income**

Understanding the level of income in Centre County will help to predict the amount and type of housing that can be purchased on the market. Income is broader than wages and represents the total funds available to a family. The Census defines income as the sum of the amounts reported separately for wage plus interest, dividends, or net rental or royalty income or income from estates and trusts; social security or railroad retirement income; Supplemental Security Income; public assistance or welfare payments; retirement, survivor, or disability pensions; and, all other income. The term "real median income" refers to income that has been adjusted for inflation.

Income trends reveal the financial capacity of a region to support new housing construction, modernization of older housing units, and

regular maintenance of existing units. Lower income households will have greater difficulty meeting basic needs (food and clothing) and generally have less disposable income to save toward a down payment, to rent or purchase a home, or to make necessary repairs to an older housing unit.

For the purposes of this report, affordable housing means paying no more than 30% of gross income on housing costs. For a renter, monthly housing costs include rent plus utilities. For a homeowner, it includes the monthly mortgage payment plus utilities, homeowner's insurance, and real estate taxes and in some cases, homeowner association dues or condominium fees.

**The median income in Centre County in 2010 was \$66,300.**

This represented an increase of 18% over 2000, when adjusted for inflation. As a result, family households saw their purchasing power increase significantly over ten years.

**Figure 3-7  
Growth in Real Median income, 1990 to 2010**

	1990 to 2000			2000 to 2010		
	1990 Area Median Income*	2000 Area Median Income	% Change 1990- 2000	2000 Area Median Income**	2010 Area Median Income	% Change 2000- 2010
<b>Centre County</b>	<b>\$45,208</b>	<b>\$44,200</b>	<b>-2.2%</b>	<b>\$56,178</b>	<b>\$66,300</b>	<b>18.0%</b>

\* Adjusted to 2000 dollars

\*\* Adjusted to 2010 dollars

Source: U.S. Census

**ii. Poverty**

**The poverty rate throughout Centre County has remained relatively constant over the past decade.** Throughout the county, 18.5% of residents were living in poverty in 2009 compared to 18.8% in 2000. This is significantly higher than poverty rates in Pennsylvania and the United States. In 2009, Bellefonte had the lowest poverty rate of 6.4%. In State College, on the other hand, the poverty rate was 26.7%. This statistic should be interpreted with caution, however, given the high number of students in State College that earn little to no income during the school year. In 2009, persons ages 18 to 24 accounted for 81.1% of all persons living in poverty in State College School District and 68.2% of persons living in poverty in all of Centre County. This is reflective of a significant student population.

**Figure 3-8  
Poverty Rates, 2000 to 2009**

	2000	2009
<b>Centre County</b>	<b>18.8%</b>	<b>18.5%</b>
<b>School Districts</b>		
Bald Eagle	9.2%	8.7%
Bellefonte	8.2%	6.4%
Keystone Central	9.1%	9.2%
Penns Valley	9.6%	10.7%
Philipsburg-Osceola	10.5%	9.7%
State College	26.5%	26.7%
Tyrone	11.8%	10.5%
<b>Pennsylvania</b>	<b>11.0%</b>	<b>12.1%</b>
<b>United States</b>	<b>12.4%</b>	<b>13.5%</b>

Source: U.S. Census Bureau

**iii. Low and Moderate Income Persons**

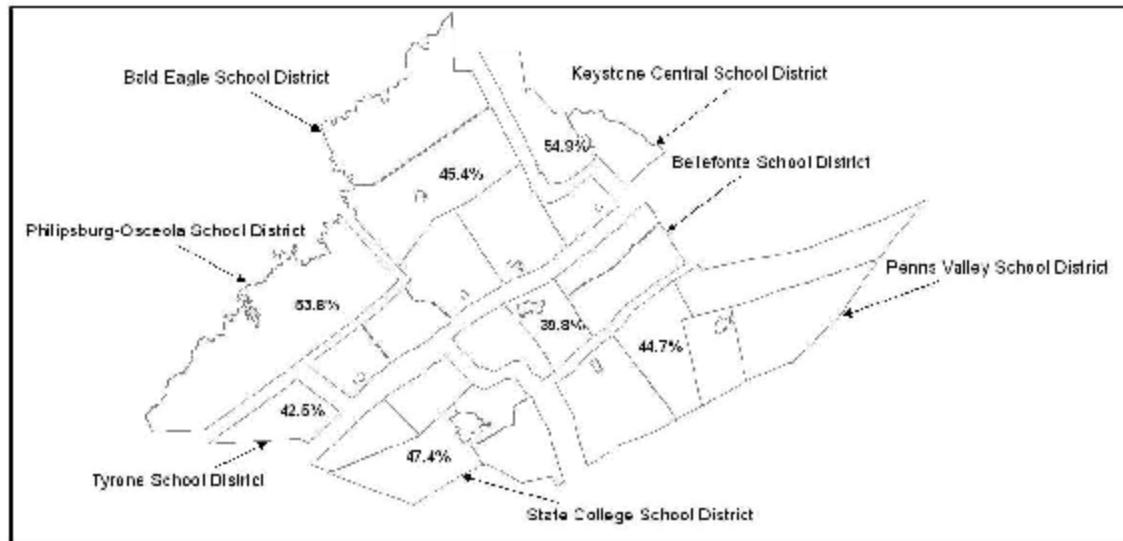
**In 2010, 46.3% of Centre County residents were considered low and moderate income (LMI). In other words, 46.3% of county residents had incomes less than 80% of the HUD area median income.** In Keystone and Philipsburg-Osceola, more than half of the residents were LMI. Bellefonte had the lowest proportion of LMI residents at 39.8%. The rate of LMI persons in Centre County is significantly impacted by the large university student population.

**Figure 3-9  
Low and Moderate Income Persons, 2010**

	Universe	LMI Persons	
		#	%
<b>Centre County</b>	<b>119,835</b>	<b>55,446</b>	<b>46.3%</b>
<b>School Districts</b>			
Bald Eagle	12,835	5,823	45.4%
Bellefonte	18,489	7,367	39.8%
Keystone Central	2,376	1,305	54.9%
Penns Valley	11,201	5,006	44.7%
Philipsburg-Osceola	6,768	3,640	53.8%
State College	67,464	32,007	47.4%
Tyrone	702	298	42.5%

Source: HUD LMI Estimates, 2010

**Figure 3-10**  
**Percentage of Low and Moderate Income, 2010**



Source: HUD LMI Estimates, 2010

### **E. Longitudinal Employer Household Dynamics (LEHD)**

The U.S. Census Bureau has recently been exploring methods to better analyze the link between where people work and where people live. The most recent tool developed, the “Longitudinal Employer-Household Dynamics” (LEHD) is an innovative program within the U.S. Census Bureau using modern statistical and computing techniques to combine federal and state administrative data on employers and employees with core Census Bureau censuses and survey.

One of the tools available to explore the relationship between employment and housing is a mapping and data tool the Census developed called “On The Map.” While the program is still evolving, the information from “On The Map” can provide useful data to better understand employment, housing, and resultant transportation issues in Centre County. The following summary tables provide insight into the employment, housing, and transportation patterns that impact Centre County. This in turn will help to better understand where to encourage the development of affordable homebuyers units that minimizes the cost of transportation.

According to the Census Bureau, there were a total of 59,100 persons whose place of employment was located in Centre County in 2009. Of these, 49,016 persons were living in the county, while the remaining 10,084 employees lived elsewhere and commuted into Centre County for work.

Of the 49,016 employed persons living in Centre County, 32,430 worked in the county. The remaining 16,586 residents worked outside of the county.

Among the jobs held by the 32,430 county residents, nearly two-thirds were occupied by persons earning \$3,333 per month or less. This was equivalent



to an annual salary of \$39,996, about 60% of the HUD area median income. A majority of positions included in this calculation were occupied by workers in the broad “all other services” industry class.

**Figure 3-11**  
**Interior Flow Job Characteristics, 2009**

	Count	Share
Internal Jobs Filled by Residents	32,430	100.0%
Workers Aged 29 or younger	7,498	23.1%
Workers Aged 30 to 54	18,663	57.5%
Workers Aged 55 or older	6,269	19.3%
Workers Earning \$1,250 per month or less	8,459	26.1%
Workers Earning \$1,251 to \$3,333 per month	11,827	36.5%
Workers Earning More than \$3,333 per month	12,144	37.4%
Workers in the "Goods Producing" Industry Class	3,866	11.9%
Workers in the "Trade, Transportation, and Utilities" Industry Class	3,631	11.2%
Workers in the "All Other Services" Industry Class	24,933	76.9%

Source: U.S. Census Bureau, Local Employment Dynamics (LED)

Notably, College Township is the location of the largest share of where workers are employed, followed by State College Borough. The remaining areas are in close proximity to State College Borough, with the exception of Walker Township.

**Figure 3-12**  
**Where Workers are Employed, 2009**

	Count	Share
College Township (Centre, PA)	12,298	25.1%
State College Borough (Centre, PA)	6,198	12.6%
Ferguson Township (Centre, PA)	3,660	7.5%
Bellefonte Borough (Centre, PA)	2,639	5.4%
Patton Township (Centre, PA)	1,786	3.6%
Benner Township (Centre, PA)	1,027	2.1%
Altoona City (Blair, PA)	827	1.7%
Spring Township (Centre, PA)	714	1.5%
Potter Township (Centre, PA)	528	1.1%
Walker Township (Centre, PA)	462	0.9%
All Other Locations	18,877	38.5%
<b>TOTAL:</b>	<b>49,016</b>	<b>100.0%</b>

Source: U.S. Census Bureau, Local Employment Dynamics (LED)

Ferguson Township, southwest of State College Borough in the Centre Region, is the location of the largest number of homes for workers. Most of the townships are located in close proximity to State College Borough. Over 57% of workers live in other locations, which may include other townships or areas outside of the study area.

**Figure 3-13  
Where Workers Live**

	Count	Share
Ferguson Township (Centre, PA)	4,684	7.9%
State College Borough (Centre, PA)	4,584	7.8%
Patton Township (Centre, PA)	3,184	5.4%
Bellefonte Borough (Centre, PA)	2,691	4.6%
College Township (Centre, PA)	2,408	4.1%
Spring Township (Centre, PA)	2,383	4.0%
Harris Township (Centre, PA)	1,829	3.1%
Benner Township (Centre, PA)	1,319	2.2%
Halfmoon Township (Centre, PA)	1,052	1.8%
Altoona City (Blair, PA)	859	1.5%
All Other Locations	34,107	57.7%
<b>TOTAL:</b>	<b>59,100</b>	<b>100.0%</b>

Source: U.S. Census Bureau, Local Employment Dynamics (LED)

**Figure 3-14  
Travel Distance: Home to Work, 2009**

	Count	Share
Less than 10 miles	26,205	53.5%
10 to 24 miles	8,431	17.2%
25 to 50 miles	3,313	6.8%
Greater than 50 miles	11,076	22.6%
<b>Total Primary Jobs:</b>	<b>49,016</b>	<b>100.0%</b>

Source: U.S. Census Bureau, Local Employment Dynamics (LED)

## F. Travel Time to Work

Among Centre County residents, almost 60% have a commute of 20 minutes or less to work. Residents in State College and Philipsburg-Osceola School Districts have the shortest commutes, with about one-quarter of residents traveling less than ten minutes to work. Residents of Tyrone School District are more likely to have longer commutes. Among Tyrone residents, over 60% have a commute of a half hour or more.

**Figure 3-15**  
**Travel Time to Work, 2009**

	Total*	Less than 10 minutes	10 to 19 min	20 to 29 min	30 min to Hour	Hour or more
<b>Centre County</b>	<b>63,006</b>	<b>20.3%</b>	<b>39.3%</b>	<b>21.4%</b>	<b>16.2%</b>	<b>2.9%</b>
<b>School Districts</b>						
Bald Eagle	6,302	10.3%	16.4%	32.9%	36.3%	4.1%
Bellefonte	11,307	13.2%	34.5%	35.0%	13.4%	3.9%
Keystone Central	1,157	6.2%	19.5%	28.8%	41.4%	4.1%
Penns Valley	5,052	11.5%	22.6%	26.8%	35.4%	3.7%
Philipsburg-Osceola	3,192	24.7%	17.8%	9.9%	38.4%	9.2%
State College	35,623	25.7%	50.1%	15.0%	7.6%	1.7%
Tyrone	373	2.4%	11.3%	26.0%	50.7%	9.7%

\*Note: Does not include employees who work from home

Source: U.S. Census Bureau, 2005-2009 American Community Survey

In the consumer survey conducted for this study, 62% of survey respondents stated they are not willing to pay more for a home even if it is in a location that reduces their travel time to work. The remaining 38% of participants responded “yes” to the statement and are willing to pay more in housing costs in exchange for a shorter commute time to their place of employment.

### G. Transportation to Work

**The vast majority of residents drive to work, in particular to places of employment located outside of the State College School District.**

Throughout the county, 81.7% of workers drive to work. After removing residents of State College School District from the equation, over 95% of workers use cars, trucks, or vans as their primary means to work. Within State College, a relatively large proportion of workers uses public transit (5.4%) or walks (19.2%) to work.

**Figure 3-16**  
**Means of Transportation to Work, 2009**

	Total*	Car, Truck, or Van	Public Transportation	Walked	Other
<b>Centre County</b>	<b>63,006</b>	<b>81.7%</b>	<b>3.3%</b>	<b>11.9%</b>	<b>7.2%</b>
<b>School Districts</b>					
Bald Eagle	6,302	94.7%	0.3%	1.6%	3.5%
Bellefonte	11,307	95.9%	1.2%	2.5%	3.9%
Keystone Central	1,157	98.1%	0.0%	1.2%	4.5%
Penns Valley	5,052	92.4%	0.2%	3.2%	12.3%
Philipsburg-Osceola	3,192	95.8%	0.1%	3.8%	3.8%
State College	35,623	71.4%	5.4%	19.2%	8.6%
Tyrone	373	99.2%	0.0%	0.8%	0.0%

\*Note: Does not include employees who work from home

Source: U.S. Census Bureau, 2005-2009 American Community Survey (B08301)

**Those employed in public administration, construction, and manufacturing are most likely to drive to work.** Over 90% of employees in these industries drove to work; data includes all employees who work in Centre County, including those who commute from elsewhere. Employees in the leisure and hospitality services and in agriculture, forestry, fishing, etc, were most likely to walk to work. Within the retail, educational and health services industries, 4.6% and 4.9% of workers, respectively, utilized public transit to travel to work.

**Figure 3-17**  
**Means of Transportation to Work by Industry, 2009**

	Total Civilian Labor Force*	Car, Truck, or Van	Public Transportation	Walked	Other
<b>Centre County</b>	<b>72,968</b>	<b>80.5%</b>	<b>2.9%</b>	<b>10.4%</b>	<b>6.2%</b>
Agriculture, forestry, fishing and hunting, and mining	857	64.4%	0.0%	14.8%	20.8%
Construction	5,293	92.8%	0.5%	1.6%	5.1%
Manufacturing	5,951	92.4%	0.3%	4.0%	3.4%
Wholesale trade	998	88.0%	0.0%	5.5%	6.5%
Retail trade	7,930	78.4%	4.6%	11.4%	5.6%
Transportation and warehousing, and utilities	2,114	91.2%	0.2%	2.8%	5.8%
Information	1,500	82.9%	5.5%	6.5%	5.1%
Finance and insurance, and real estate and rental and leasing	3,389	85.4%	1.7%	5.3%	7.7%
Professional, scientific, management, and administrative services	5,787	78.3%	1.0%	9.0%	11.7%
Educational services, and health care and social assistance	26,309	77.6%	4.9%	12.2%	5.2%
Leisure and Hospitality Services	7,303	69.6%	2.1%	24.3%	4.0%
Other services (except public administration)	3,062	73.4%	2.2%	8.6%	15.8%
Public administration	2,475	93.2%	0.7%	2.3%	3.8%

\*Note: Total civilian labor force includes employees who work in Centre County and live outside of the County

Source: U.S. Census Bureau, 2005-2009 American Community Survey (B08526)

In 2009, there were 3,356 households in Centre County without a vehicle. Among households without access to a vehicle, 35.3% walked to work and 34.5% drove. (This may include people who were provided with transportation as members of a car pool or an informal ride system). Public transportation was also more commonly used, with 16.9% of transit-dependent households utilizing public transportation compared to 2.4% of households with at least one vehicle. In particular, public transportation was commonly used among transit-dependent households in Bellefonte (28.9%) and State College (18.5%) school districts. Notably, there were no households in Tyrone or Keystone that did not have a vehicle.

**Figure 3-18**  
**Means of Transportation to Work by Vehicles in Household, 2009**

	Total*	Car, Truck, or Van	Public Transportation	Walked	Other
<i>Households with No Vehicle Available</i>					
<b>Centre County</b>	<b>3,356</b>	<b>34.5%</b>	<b>16.9%</b>	<b>35.3%</b>	<b>13.3%</b>
Bald Eagle	71	71.8%	2.8%	15.5%	9.9%
Bellefonte	391	54.7%	28.9%	8.4%	7.9%
Keystone Central	-	-	-	-	-
Penns Valley	419	46.8%	0.0%	9.8%	43.4%
Philipsburg-Osceola	30	100.0%	0.0%	0.0%	0.0%
State College	2,445	27.2%	18.5%	45.0%	9.3%
Tyrone	-	-	-	-	-
<i>Households with at least 1 Vehicle Available</i>					
<b>Centre County</b>	<b>59,470</b>	<b>83.8%</b>	<b>2.4%</b>	<b>7.1%</b>	<b>6.7%</b>
Bald Eagle	6,419	95.0%	0.2%	1.4%	3.4%
Bellefonte	11,311	93.9%	0.2%	2.2%	3.7%
Keystone Central	1,201	94.5%	0.0%	1.2%	4.3%
Penns Valley	5,037	88.8%	0.2%	2.4%	8.7%
Philipsburg-Osceola	3,271	92.5%	0.1%	3.7%	3.7%
State College	31,858	75.7%	4.4%	11.3%	8.6%
Tyrone	373	99.2%	0.0%	0.8%	0.0%

\*Note: Does not include employees who work from home

Source: U.S. Census Bureau, 2005-2009 American Community Survey (B08301)

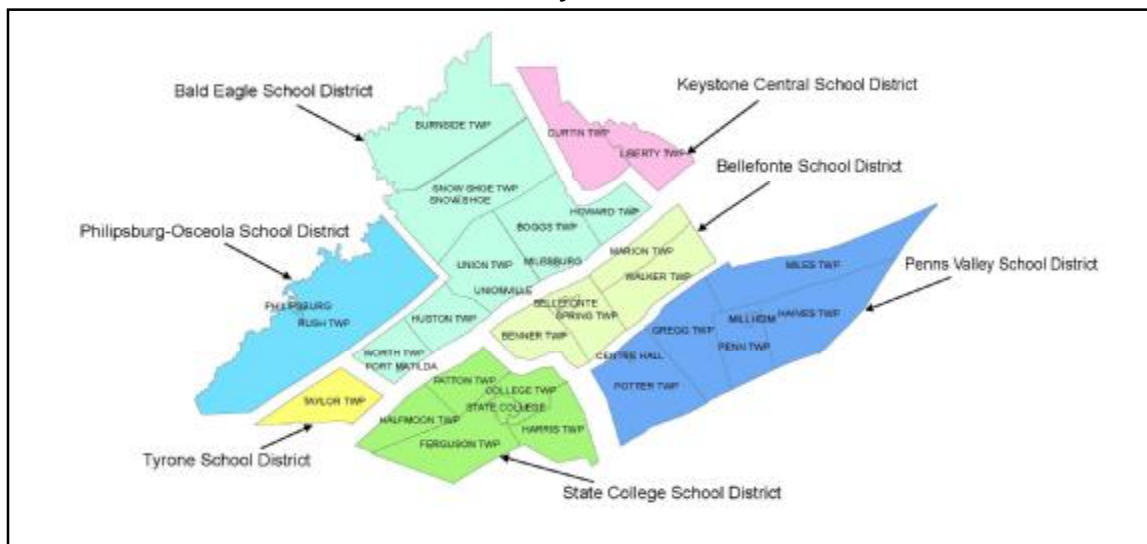
## 4. DEMOGRAPHIC CONDITIONS AND TRENDS

### A. Methodology

Demographic and housing trends in this study will be conducted on two levels: Centre County as a whole and within the seven school districts that comprise the county for which data is available. The seven school districts include:

- Bald Eagle
- Bellefonte
- Keystone Central
- Philipsburg-Osceola
- State College
- Tyrone
- Penns Valley

**Figure 4-1**  
**Centre County School Districts**



Source: School District Data

Figure 4-2 lists the 35 townships and boroughs within Centre County by school district.

**Figure 4-2  
Townships and Boroughs by School District**

School District	Township/Borough	School District	Township/Borough
Bald Eagle	Boggs township	Keystone Central	Curtin township
	Burnside township		Liberty township
	Howard borough	Penns Valley	Centre Hall borough
	Howard township		Gregg township
	Huston township		Haines township
	Milesburg borough		Miles township
	Port Matilda borough		Millheim borough
	Snow Shoe borough		Penn township
	Snow Shoe township		Potter township
	Union township	Philipsburg-Osceola	Philipsburg borough
	Unionville borough		Rush township
	Worth township	State College	College township
Bellefonte	Bellefonte borough		Ferguson township
	Benner township		Halfmoon township
	Marion township		Harris township
	Spring township		Patton township
	Walker township		State College borough
		Tyrone	Taylor township

## B. Population Growth / Decline and Forecast

Between 2000 and 2008, Centre County had the 15th highest growth rate among Pennsylvania's 67 counties. Centre County's population increased 7.7% during this period, from 135,758 to 144,105 residents. Among adjacent counties, Centre County has had the most rapid population growth. Of the six counties that surround Centre County, only Union County experienced a population increase from 2000 to 2008.

**Figure 4-3**  
**Pennsylvania County Population Growth Rates, 2000 to 2008**

Rank	County	Rate of Population Growth 2000-2008
1	Forest	37.0%
2	Pike	30.7%
3	Monroe	19.9%
4	Chester	15.1%
5	York	12.4%
6	Adams	12.1%
7	Franklin	12.1%
8	Northampton	11.9%
9	Lehigh	10.1%
10	Berks	9.0%
11	Cumberland	8.8%
12	Carbon	8.6%
13	Lebanon	8.5%
14	Lancaster	7.9%
15	Centre	7.7%
63	Sullivan	-6.3%
64	Warren	-7.4%
65	Potter	-7.6%
66	Elk	-8.8%
67	Cameron	-13.6%

Source: U. S. Census Bureau

**The most significant population growth has occurred in Centre County's two largest school districts: State College and Bellefonte.** The municipalities comprising the State College School District represent 59.2% of the county's population, and population growth in this school district accounted for 71.2% of the total population growth in Centre County between 1990 and 2010. Bellefonte School District had the second most rapid growth rate of 19.7%.

The Philipsburg-Osceola School District, located along Centre County's western border, had the slowest population growth. The school district's population increased by only 80 residents, or 1.2%.

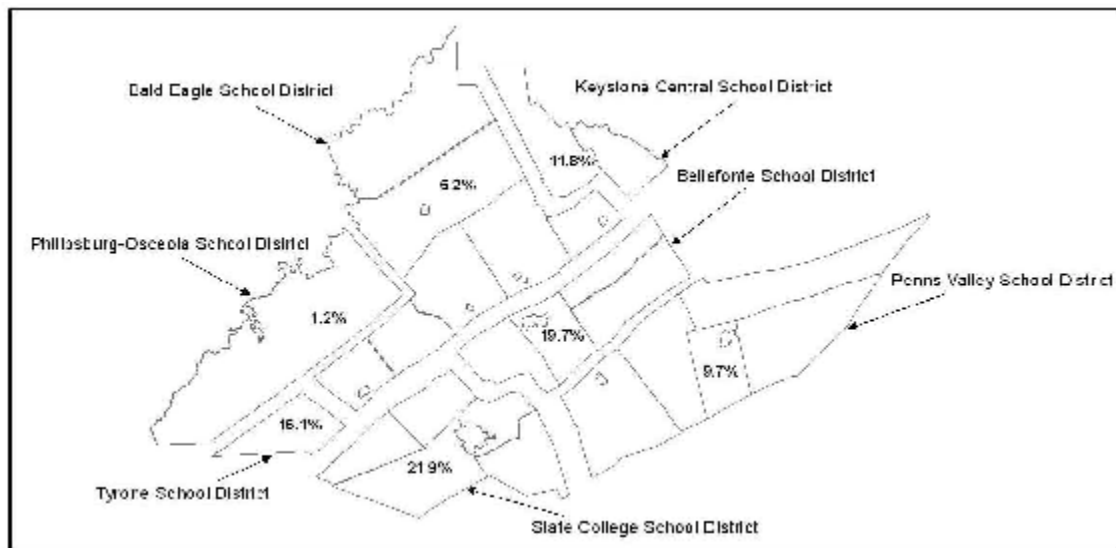


**Figure 4-4**  
**Population Trends by School District, 1990 to 2010**

	1990	2000	2010	Change 1990 to 2010	
				#	%
<b>Centre County</b>	<b>123,789</b>	<b>135,758</b>	<b>145,540</b>	<b>21,751</b>	<b>17.6%</b>
<b>School Districts</b>					
Bald Eagle	12,322	12,782	13,090	768	6.2%
Bellefonte	20,283	22,007	24,275	3,992	19.7%
Keystone Central	2,263	2,381	2,530	267	11.8%
Penns Valley	10,619	11,382	11,647	1,028	9.7%
Philipsburg-Osceola	6,898	6,961	6,978	80	1.2%
State College	70,644	79,405	86,139	15,495	21.9%
Tyrone	760	841	882	122	16.1%

Source: U.S. Census Bureau, DemographicsNow for 2010 Municipalities data

**Figure 4-5**  
**Population Change, 1990-2010**



Source: U.S. Census Bureau, DemographicsNow for 2010 Municipalities data

Over the past ten years, Centre County has been growing at an average annual rate of 1,028 residents. Almost 75% of this growth has taken place within the State College School District.

**Figure 4-6**  
**Annual Population Trends by School District, 2000 to 2009**

Year	Centre County	Bald Eagle	Bellefonte	Keystone Central	Penns Valley	Philipsburg- Osceola	State College	Tyrone
2000	135,930	12,886	22,075	2,391	11,404	6,966	79,460	748
2001	136,874	12,977	22,238	2,417	11,562	7,004	79,925	751
2002	139,341	12,972	22,512	2,443	11,575	6,978	82,110	751
2003	140,606	12,943	22,676	2,465	11,585	6,944	83,250	743
2004	141,140	12,899	22,904	2,490	11,607	6,887	83,609	744
2005	141,643	12,902	23,124	2,474	11,691	6,882	83,823	747
2006	144,037	12,921	23,582	2,499	11,777	6,893	85,620	745
2007	144,089	12,873	23,805	2,494	11,803	6,859	85,515	740
2008	145,550	12,877	24,129	2,494	11,846	6,830	86,623	751
2009	146,212	12,877	24,332	2,496	11,853	6,819	87,076	759
Change 2000-2009	7.6%	-0.1%	10.2%	4.4%	3.9%	-2.1%	9.6%	1.5%
Average annual population change	1,028	(1)	226	11	45	(15)	762	1

Source: U.S. Census Bureau

**Residents of Centre County come from all over the state.** In 2000, residents came from counties throughout the state, with Allegheny County standing slightly above the rest. Similarly, upon leaving Centre County, residents travel back to the surrounding areas, as well as nearby metropolitan areas. It should be noted that Penn State's student population accounts for a significant portion of the migration between Centre County and the rest of the state. However, given the limitations of the data, it is not possible to distinguish between the migration of student and non-student populations.

**Figure 4-7**  
**County-to-County Migration Patterns, 1995-2000**

Where Centre County Residents were Living in 1995			Where Former Centre County Residents had moved to by 2000		
County, State	Number	Percent	County, State	Number	Percent
Allegheny County, Pennsylvania	2,563	6.2%	Clearfield County, Pennsylvania	1,356	4.7%
Bucks County, Pennsylvania	1,517	3.6%	Philadelphia County, Pennsylvania	1,040	3.6%
Montgomery County, Pennsylvania	1,456	3.5%	Allegheny County, Pennsylvania	1,026	3.6%
Philadelphia County, Pennsylvania	1,443	3.5%	Chester County, Pennsylvania	716	2.5%
Blair County, Pennsylvania	1,270	3.1%	Clinton County, Pennsylvania	692	2.4%
Clearfield County, Pennsylvania	1,201	2.9%	Montgomery County, Pennsylvania	634	2.2%
Chester County, Pennsylvania	1,044	2.5%	Blair County, Pennsylvania	449	1.6%
Delaware County, Pennsylvania	969	2.3%	Fairfax County, Virginia	436	1.5%
Cambria County, Pennsylvania	935	2.2%	Huntingdon County, Pennsylvania	432	1.5%
Lehigh County, Pennsylvania	870	2.1%	New York County, New York	367	1.3%
Clinton County, Pennsylvania	841	2.0%	Dauphin County, Pennsylvania	365	1.3%
York County, Pennsylvania	802	1.9%	Bucks County, Pennsylvania	358	1.2%
Westmoreland County, Pennsylvania	759	1.8%	Delaware County, Pennsylvania	348	1.2%
Luzerne County, Pennsylvania	758	1.8%	Montgomery County, Maryland	333	1.2%
Northampton County, Pennsylvania	685	1.6%	York County, Pennsylvania	333	1.2%
Berks County, Pennsylvania	643	1.5%	Cumberland County, Pennsylvania	313	1.1%
Lancaster County, Pennsylvania	632	1.5%	Berks County, Pennsylvania	312	1.1%
Dauphin County, Pennsylvania	627	1.5%	Lehigh County, Pennsylvania	301	1.0%
Lycoming County, Pennsylvania	583	1.4%	Lycoming County, Pennsylvania	289	1.0%
Cumberland County, Pennsylvania	535	1.3%	Arlington County, Virginia	281	1.0%
Erie County, Pennsylvania	486	1.2%	Cambria County, Pennsylvania	276	1.0%
Huntingdon County, Pennsylvania	431	1.0%	Lancaster County, Pennsylvania	250	0.9%
Lackawanna County, Pennsylvania	401	1.0%	Cook County, Illinois	234	0.8%
<b>Total Inflow</b>	<b>41,632</b>	<b>100.0%</b>	<b>Total Outflow</b>	<b>28,895</b>	<b>100.0%</b>

Source: Census 2000 County-to-County Migration Data

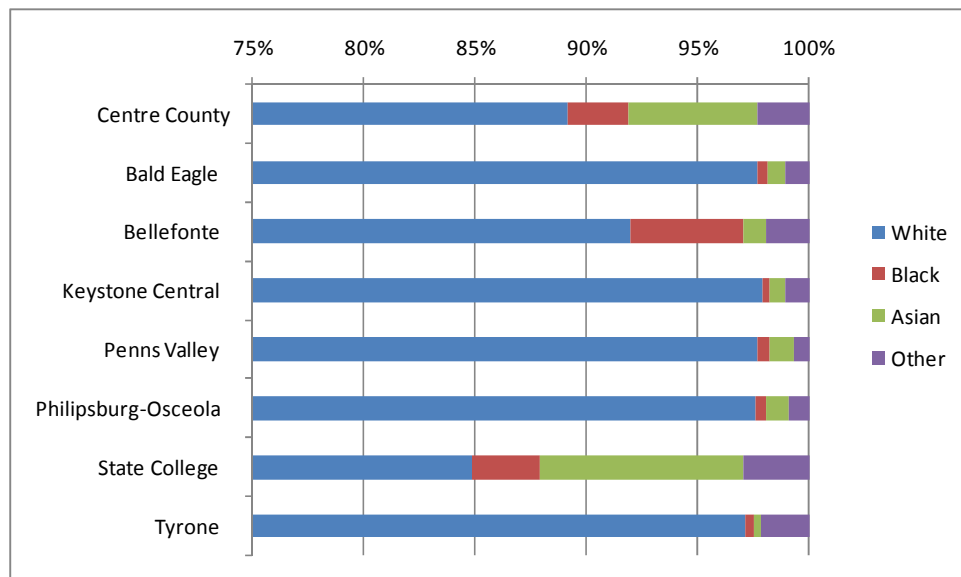
**While Centre County continues to be predominantly White, it has become more racially and ethnically diverse over the past 20 years.** The non-White population increased from 5.8% of the County's population in 1990 to 10.8% in 2010. Over 80% of the non-White population growth occurred in State College; by 2010, 82.5% of Centre County's non-White residents were living in State College. Among minority residents, Asians experienced the most rapid growth over the past two decades. This growth occurred almost exclusively within the State College School District. Given Penn State University's national and international reputation, these trends are not unexpected.

**Figure 4-8**  
**Population Trends by Race and Hispanic Origin, 1990-2010**

School District	Total Population	Persons of One Race						Persons of Hispanic Origin	
		White		Black		Asians			
		#	%	#	%	#	%	#	%
1990									
Centre County	123,789	116,554	94.2%	2,796	2.3%	3,830	3.1%	1,352	1.1%
Bald Eagle	12,322	12,273	99.6%	10	0.1%	14	0.1%	30	0.2%
Bellefonte	20,283	19,281	95.1%	888	4.4%	50	0.2%	147	0.7%
Keystone Central	2,263	2,258	99.8%	1	0.0%	1	0.0%	3	0.1%
Penns Valley	10,619	10,586	99.7%	11	0.1%	15	0.1%	369	3.5%
Philipsburg-Osceola	6,898	6,858	99.4%	11	0.2%	11	0.2%	27	0.4%
State College	70,644	64,542	91.4%	1,875	2.7%	3,737	5.3%	1,014	1.4%
Tyrone	760	756	99.5%	-	0.0%	2	0.3%	2	0.3%
2000									
Centre County	135,758	124,135	91.4%	3,544	2.6%	5,467	4.0%	2,243	1.7%
Bald Eagle	12,782	12,636	98.9%	20	0.2%	19	0.1%	84	0.7%
Bellefonte	22,007	20,460	93.0%	1,112	5.1%	87	0.4%	263	1.2%
Keystone Central	2,381	2,361	99.2%	-	0.0%	1	0.0%	5	0.2%
Penns Valley	11,382	11,258	98.9%	34	0.3%	39	0.3%	42	0.4%
Philipsburg-Osceola	6,961	6,884	98.9%	10	0.1%	21	0.3%	16	0.2%
State College	79,405	69,706	87.8%	2,367	3.0%	5,297	6.7%	1,828	2.3%
Tyrone	841	829	98.6%	1	0.1%	2	0.2%	5	0.6%
2010									
Centre County	145,540	129,760	89.2%	3,987	2.7%	8,458	5.8%	3,101	2.1%
Bald Eagle	13,090	12,782	97.6%	61	0.5%	110	0.8%	117	0.9%
Bellefonte	24,275	22,334	92.0%	1,217	5.0%	261	1.1%	372	1.5%
Keystone Central	2,530	2,477	97.9%	8	0.3%	17	0.7%	8	0.3%
Penns Valley	11,647	11,373	97.6%	70	0.6%	123	1.1%	56	0.5%
Philipsburg-Osceola	6,978	6,811	97.6%	32	0.5%	73	1.0%	22	0.3%
State College	86,139	73,126	84.9%	2,596	3.0%	7,864	9.1%	2,519	2.9%
Tyrone	882	857	97.2%	3	0.3%	3	0.3%	7	0.8%

Source: U.S. Census Bureau, DemographicsNow for 2010 Data

**Figure 4-9**  
**Population by Race and School District, 2010**

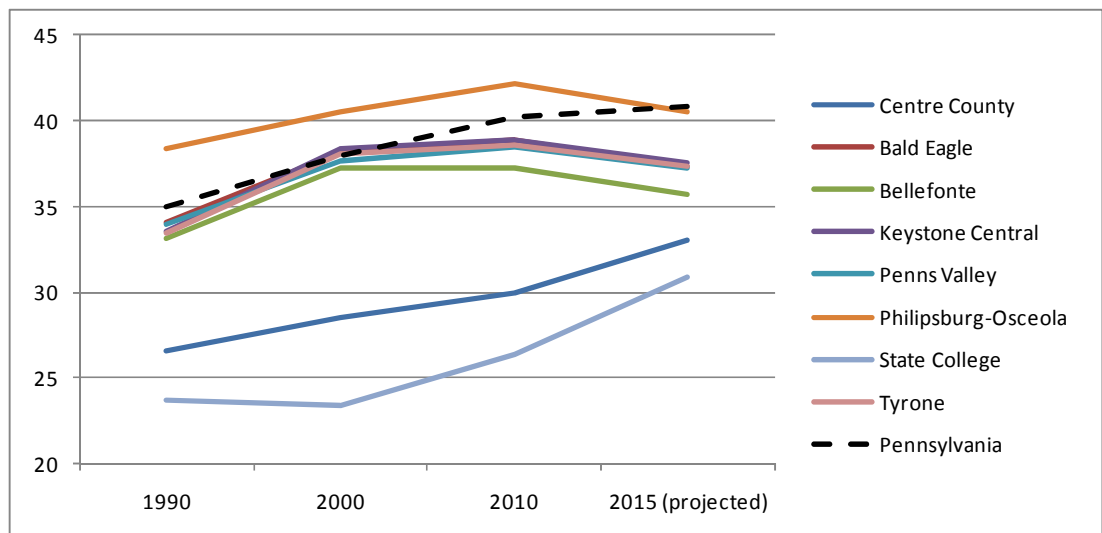


Source: U. S. Census Bureau

**The residents of Centre County are younger than those of Pennsylvania as a whole, but the median age throughout the county has increased over the past 20 years.** In 2010, the median age in the county was 30 years compared to 40.2 years for all of Pennsylvania. This is due in large part to the prominence of Penn State's student population in the county. In 2010, the median age in the State College School District was 26.4, more than ten years younger than all of the other school districts. In four of the county's school districts, there were nearly identical trends in median age between 1990 and 2010, including Bald Eagle, Keystone, Penns Valley, and Tyrone. In these five districts, the median age increased from about 33 to 39. Philipsburg-Osceola School District had the highest median age throughout the past two decades.

**Between 2010 and 2015, it is projected that the median age in all of the school districts except State College will decrease.** State College, on the other hand, is projected to have a median age of 30.9 in 2015, more than four years older than in 2010. This projection may suggest two trends. First, more students at Penn State may decide to stay in Centre County instead of relocating elsewhere in the state. Second, there may be internal migration within the county, wherein younger residents of State College move elsewhere in the county, or older residents relocate into State College.

**Figure 4-10**  
**Median Age Trends by School District, 1990 to 2015**

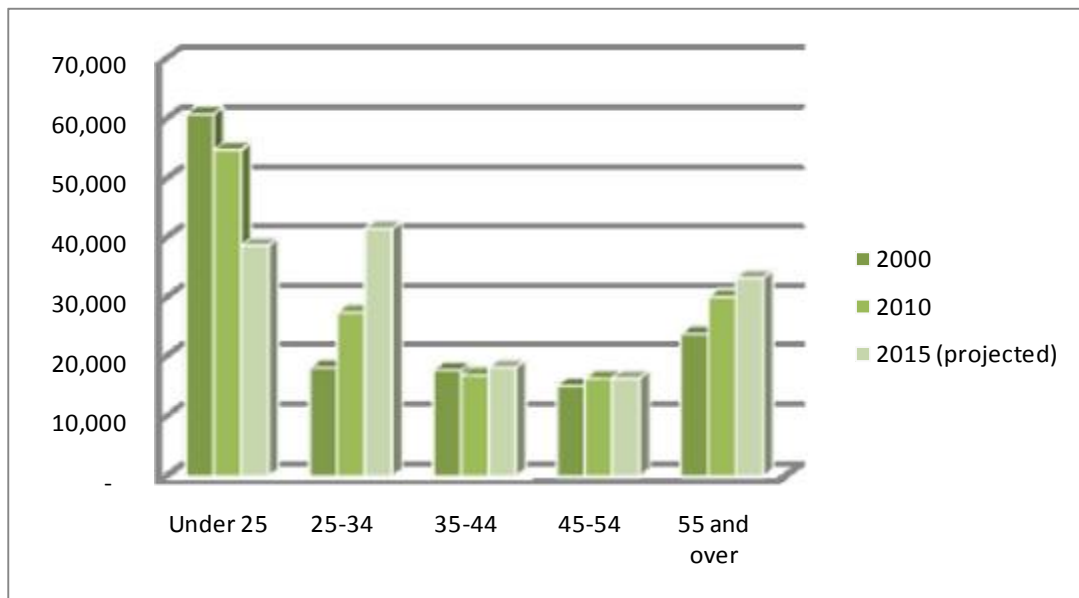


Source: U.S. Census Bureau

**Centre County's population is shifting from one dominated by young persons (under 25 years old) to young professionals, ages 25 to 34.** In 2000, nearly half of the county's population was 25 years or younger. By 2015, it is projected that only one quarter of the county will be younger than 25, and 28.1% will be between 25 and 34. This population shift is expected in all seven school districts, including State College. A rise in the number of young professionals portends increased demand for sales housing.

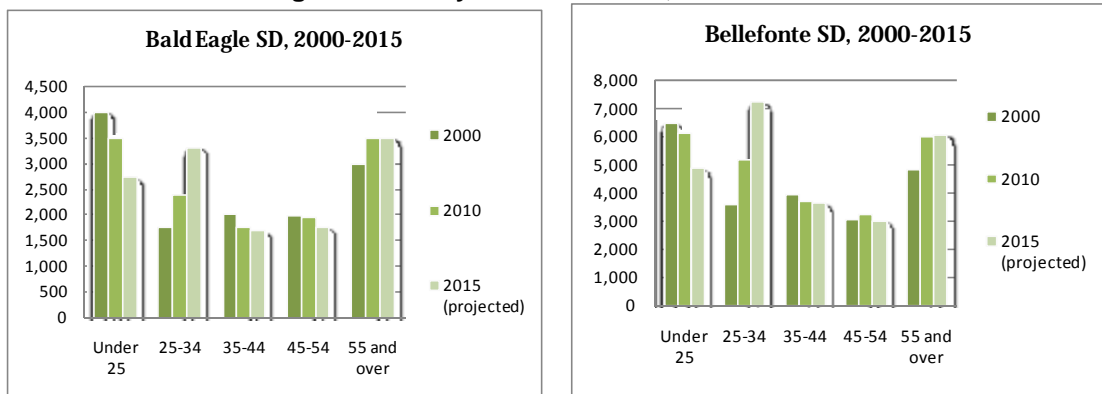
The number of persons between the ages of 35 and 54 is expected to remain relatively stable through 2015, representing just under 25% of the county's population. State College is the only school district expected to experience an increase in this age cohort. All other school districts will remain stable or lose population from this cohort. Therefore, with the exception of the State College School District, the county is not likely to experience an inflow of households aged 35 to 54. Similarly, with the exception of State College, none of the school districts in the county are anticipating a dramatic increase in the number of near elderly and elderly persons, ages 55 and greater. In State College, however, it is expected that the elderly and near-elderly segment of the population will increase by nearly 7,000 residents, or from 13.2% to 19.6% of the total population.

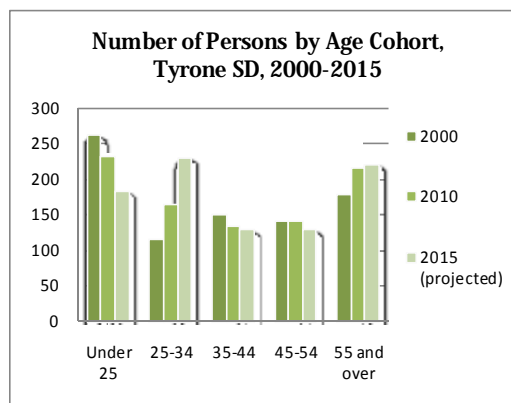
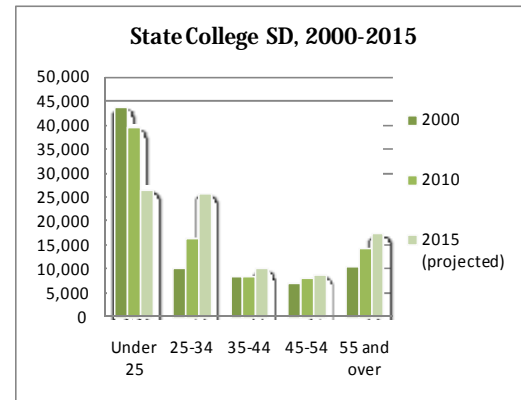
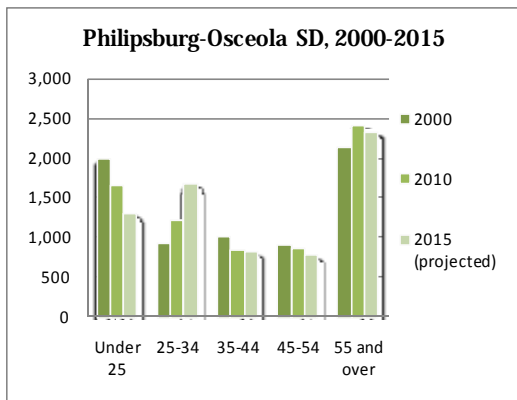
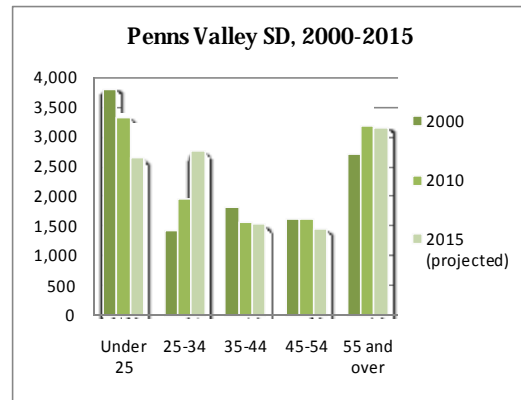
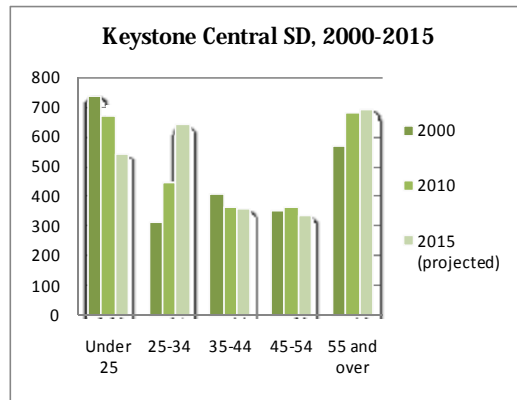
**Figure 4-11**  
**Number of Persons by Age Cohort, Centre County, 2000 to 2015**



Source: U.S. Census Bureau

**Figure 4-12**  
**Age Cohorts by School District, 2000 to 2015**





Source: U.S. Census Bureau

### C. Household Growth / Decline and Forecast

Every household needs a dwelling. The Census Bureau defines “population” as “all people, male and female, child and adult, living in a given geographic area.” The term “household” is defined to include “all people who occupy a housing unit as their usual place of residence.” When describing housing markets and housing need, a consideration of *households* is much more relevant and accurate because each household requires a dwelling unit while several people may comprise the same household and live in the same housing unit. In other words, calculating housing need on the basis of the number of households in a geographic area is much more accurate than calculating housing need based on the number of persons.

### Household growth has outpaced population growth in Centre County.

The number of households increased 15.6% between 1990 and 2000, compared to a 9.7% increase in residents. This reflects a national trend in which people remain single, marry later, divorce more frequently, and live longer.

Household growth slowed between 2000 and 2010, despite the fact that the county's population continued to increase steadily. Over the next five years, it is anticipated that the number of households in the county will increase at more than twice the rate of the population, suggesting that households are becoming increasingly smaller.

Across the seven school districts, trends are similar to that of the county overall. Most of the school districts are expected to experience continued growth in households, albeit at a modest pace compared to the growth experienced during the period from 1990 to 2000. The exception is the Philipsburg-Osceola School District, in which the number of households will remain relatively constant. Reflecting projected population growth trends, the greatest increase in households is expected to occur in the State College and Bellefonte school districts.

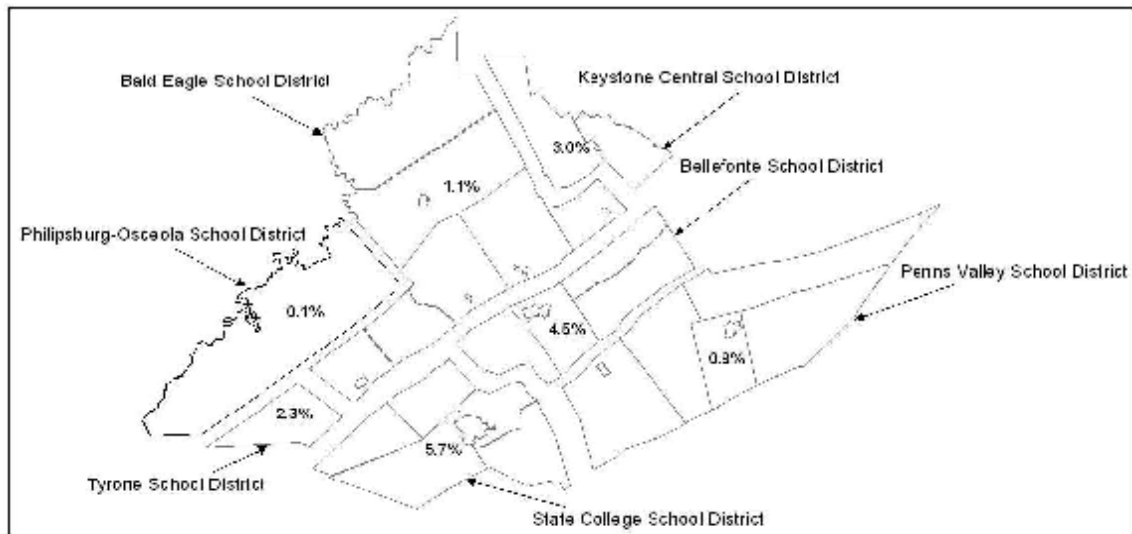
**Figure 4-13**  
**Population and Household Growth Rates, 1990 to 2015**

	Population Growth Rates			Household Growth Rates		
	1990 to 2000	2000 to 2010	2010 to 2015 (projected)	1990 to 2000	2000 to 2010	2010 to 2015 (projected)
<b>Centre County</b>	<b>9.7%</b>	<b>7.2%</b>	<b>1.8%</b>	<b>15.6%</b>	<b>6.0%</b>	<b>4.3%</b>
<b>School Districts</b>						
Bald Eagle	3.7%	2.4%	-0.4%	9.3%	1.9%	1.1%
Bellefonte	8.5%	10.3%	2.6%	13.6%	8.2%	4.5%
Keystone Central	5.2%	6.3%	1.3%	11.4%	5.8%	3.0%
Penns Valley	7.2%	2.3%	-0.8%	10.3%	1.7%	0.8%
Philipsburg-Osceola	0.9%	0.2%	-1.6%	4.5%	0.6%	0.1%
State College	12.4%	8.5%	2.5%	19.7%	7.5%	5.7%
Tyrone	10.7%	4.9%	0.7%	16.3%	4.5%	2.3%

Source: U.S. Census Bureau for County data for 1990 and 2000; DemographicsNow for regional data and 2010 and 2015 estimates



**Figure 4-14**  
**Projected Household Growth Trends, 2010 to 2015**



Source: DemographicsNow

#### **D. Household Types**

**Married-couples without children and single parent households are becoming more prominent within Centre County.** Overall, households

containing both a husband and wife with children are declining as a proportion of all households, while married couples without children and single-parent households are increasing. This trend has important implications for housing, particularly for those headed by a single parent. Single-parent households will have less income than married-couple households, thus impacting their ability to secure housing that is within their economic means. The growth in single-parent family households creates the need for units that are affordable to households with only one income. In addition, different household types have different tenure patterns with married-couple households having the highest rate of home ownership followed by male-headed households. Female-headed households tend to own their units at significantly lower rates. While women have traditionally worked in lower wage occupations than men, the number of women in higher paying managerial and professional specialty occupations is growing. Women earning higher incomes will support increased household formation by single women.

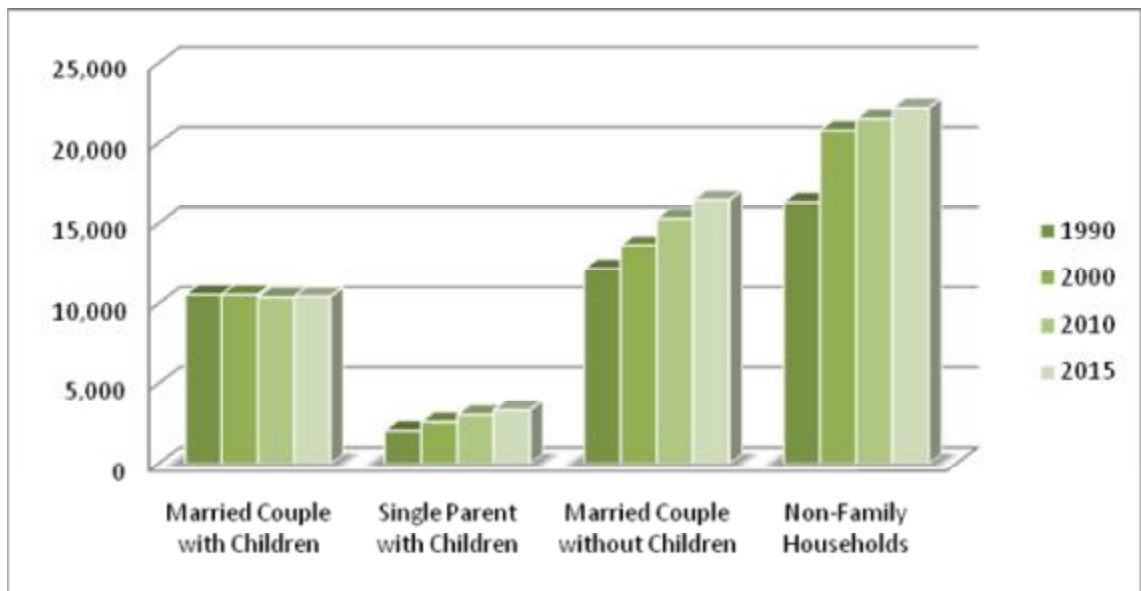
Throughout Centre County, the number of married couples with children has remained stable since 1990 and is expected to stay constant through 2015. In five of the seven school districts, the number of married couples with children has been decreasing since 1990. However, the number of married couples with children has remained relatively stable in Bellefonte and State College. Furthermore, the number of single parent households has risen steadily across the school districts. Single parents are expected to comprise

6.1% of all households in the county in 2015, and increase from 4.8% in 1990.

Across the county, the number of married couples without children has risen substantially. Between 1990 and 2010, married couples without children increased 26%, and over the next five years this household type is expected to increase another 7.5%.

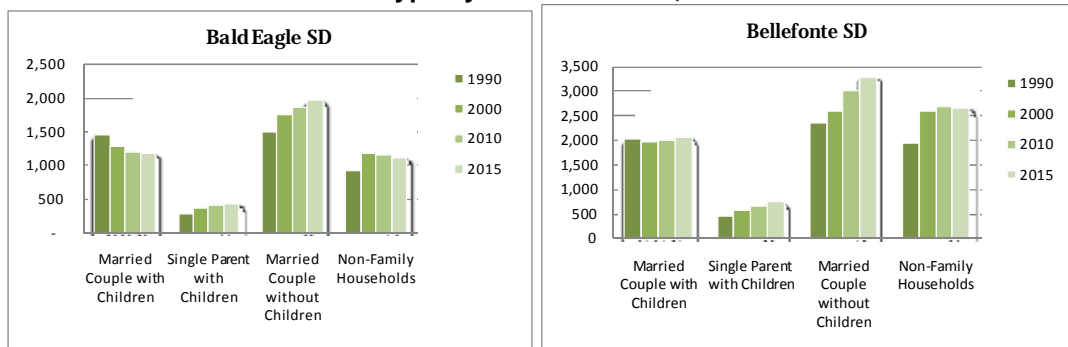
Non-family households increased 32% between 1990 and 2010, with the largest increase occurring during the 1990s. However, between 2010 and 2015, non-family households are expected to decrease in all of the school districts except State College.

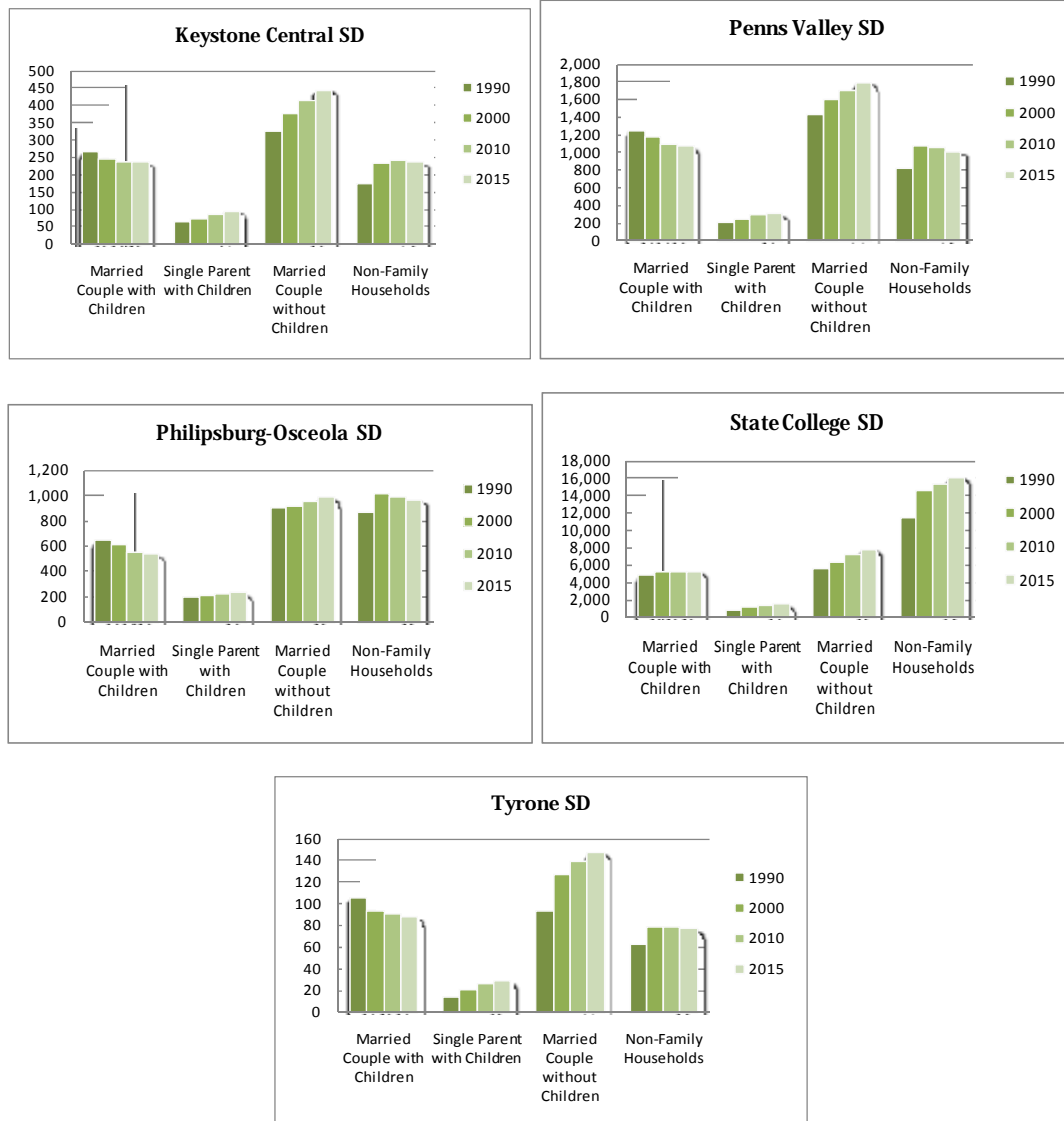
**Figure 4-15**  
**Household Growth by Household Type, Centre County, 1990 to 2015**



Source: U.S. Census Bureau for County data for 1990 and 2000, DemographicsNow for 2010 estimates and 2015 projection

**Figure 4-16**  
**Household Type by School District, 1990 to 2015**





Source: U.S. Census Bureau for County data for 1990 and 2000, DemographicsNow for 2010 estimate and 2015 projection

The presence of Penn State University in Centre County continues to have a major impact on the housing market in the region. The large number of students results in Census data that over-exaggerates the number of low-income residents. Most college students subsist on very low incomes simply because they are college students and have not yet entered the full-time workforce. For example, if a student's gross income is \$800 and his monthly rent is \$500, he is paying 63% of his income in housing and would be categorized as cost burdened. However, in most cases, students typically earn just enough to cover expenses because their time is dedicated primarily to their college studies rather than to working and supporting a family.

## E. Real Growth / Decline in Income

**Real median income increased in Centre County 18% between 2000 and 2010, after a decrease of 2.2% between 1990 and 2000.** Median income increased 18% during the last decade. Households in Centre County experienced a significant increase in median income from \$56,178 in 2000 (adjusted for inflation) to \$66,300 in 2010. Such an increase in disposable income will also increase their home purchasing power.

Income projections are a key component in understanding the ability of households to acquire and maintain sales housing. Chapter 7, Housing Market Analysis, contains additional information relative to income and housing, including projections that provide the basis for analyzing the ability of households to purchase a home.

	1990 to 2000			2000 to 2010		
	1990 Area Median Income*	2000 Area Median Income	% Change 1990- 2000	2000 Area Median Income**	2010 Area Median Income	% Change 2000- 2010
Centre County	\$45,208	\$44,200	-2.2%	\$56,178	\$66,300	18.0%

\* Adjusted to 2000 dollars

\*\* Adjusted to 2010 dollars

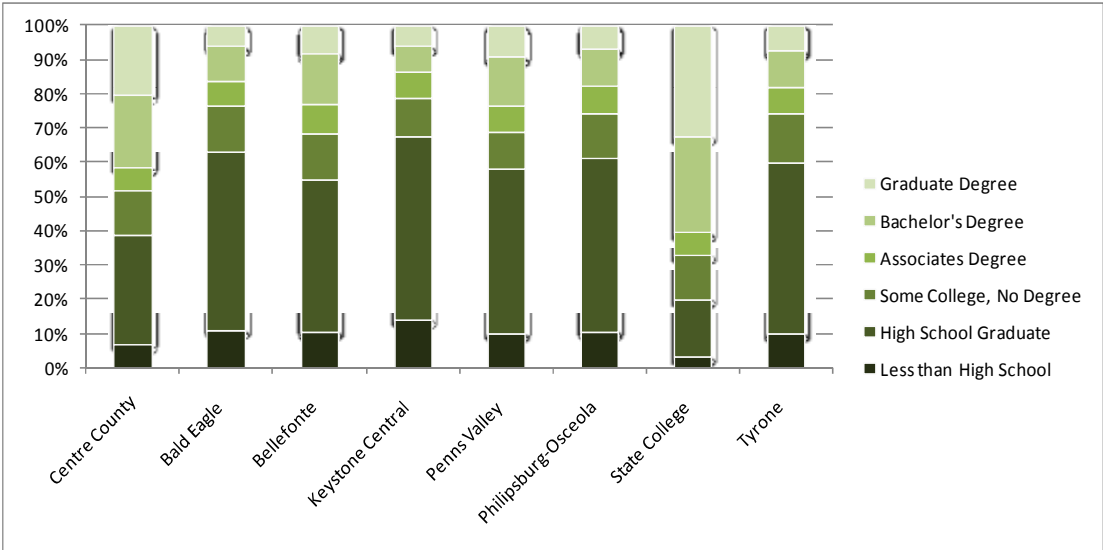
Source: U.S. Census Bureau

## F. Educational Attainment

An educated workforce supports economic development. Decisions by employers regarding where to locate are based in part on the availability of a qualified workforce. The availability of a qualified workforce will support the location of jobs that require higher skills that are likely to pay higher wages. A higher skilled, higher wage workforce will have more housing options.

**Educational attainment in the study area varies dramatically between State College and other areas of the county.** In State College, the number of residents age 25 and older with a bachelor's degree or higher was 60.6%. In none of the other school districts did the proportion of college graduates exceed 25%. Instead, more than half of residents outside of State College had a high school diploma or less.

**Figure 4-17**  
**Educational Attainment for Adults 25 and older, 2009**



Source: U.S. Census Bureau

## 5. HOUSING CHARACTERISTICS AND TRENDS

### A. Growth in Housing Stock

Since 1990, the housing stock in Centre County has grown at a faster pace than households and total population. Between 1990 and 2010, the county added more than 13,000 units to its housing stock. Not surprisingly, new construction was centered in the areas of high population growth: State College and Bellefonte. Over the next five years, over 2,500 new units are expected to be constructed in the county, of which 72.3% will be in State College. In Penns Valley and Philipsburg-Osceola school districts, the housing stock is expected to remain relatively unchanged.

**Figure 5-1**  
**Trends in Housing Inventory, 1990 to 2015**

	1990	2000	Average Annual Change from 1990-2000	Total Percent Change from 1990-2000	2010	Average Annual Change from 2000-2010	Total Percent Change from 2000-2010	2015	Average Annual Change from 2010-2015	Total Percent Change from 2010-2015
Centre County	46,190	53,161	697	15.1%	59,327	617	11.6%	61,896	514	4.3%
<b>School Districts</b>										
Bald Eagle	4,955	5,559	60	12.2%	5,967	41	7.3%	6,041	15	1.2%
Bellefonte	7,440	8,495	106	14.2%	9,682	119	14.0%	10,144	92	4.8%
Keystone Central	1,004	1,164	16	15.9%	1,294	13	11.2%	1,332	8	2.9%
Penns Valley	4,599	5,136	54	11.7%	5,502	37	7.1%	5,552	10	0.9%
Philipsburg-Osceola	3,278	3,397	12	3.6%	3,569	17	5.1%	3,581	2	0.3%
State College	24,605	29,030	443	18.0%	32,896	387	13.3%	34,818	384	5.8%
Tyrone	309	380	7	23.0%	418	4	10.0%	428	2	2.4%

Source: U.S. Census Bureau for 1990 and 2000 data, DemographicsNow for 2010 data

More than 6,100 units were added between 2000 and 2010, equivalent to an 11.6% increase in total housing inventory. The housing market in Centre County experienced an 11.6% increase in the number of housing units between 2000 and 2010. The greatest increase occurred in the State College School District (13.3%); Philipsburg-Osceola School District experienced the smallest increase (5.1%).

**Figure 5-2**  
**Trends in Housing Inventory by Tenure, 2000 to 2010**

	Net Increase Housing Units, 2000 to 2010		Net Increase Owner-Occupied Units	Net Increase Renter-Occupied Units
	Total	Occupied		
<b>Centre County</b>	<b>6,167</b>	<b>2,966</b>	<b>2,446</b>	<b>520</b>
<b>School Districts</b>				
Bald Eagle	408	92	115	-23
Bellefonte	1,187	663	638	25
Keystone Central	130	54	57	-3
Penns Valley	366	73	97	-24
Philipsburg-Osceola	172	-17	13	-30
State College	3,866	2,086	1,511	575
Tyrone	38	15	15	0

Source: U.S. Census Bureau, DemographicsNow

## B. Residential Building Permits

**Between 2006 and 2009, the annual number of residential building permits issued in Centre County decreased from 685 to 470.** The most significant decrease was in the State College School District, in which the number of building permits issued was reduced by half during this period. All school districts experienced a downward trend between 2006 and 2008. Between 2008 and 2009, the county experienced an overall increase in residential permits. Two school districts had large increases in residential permits during this period. Bellefonte increased from 96 to 184 permits, while Philipsburg-Osceola increased from 15 to 44 permits.

**Figure 5-3**  
**Residential Building Permit Trends, 2005-2009**

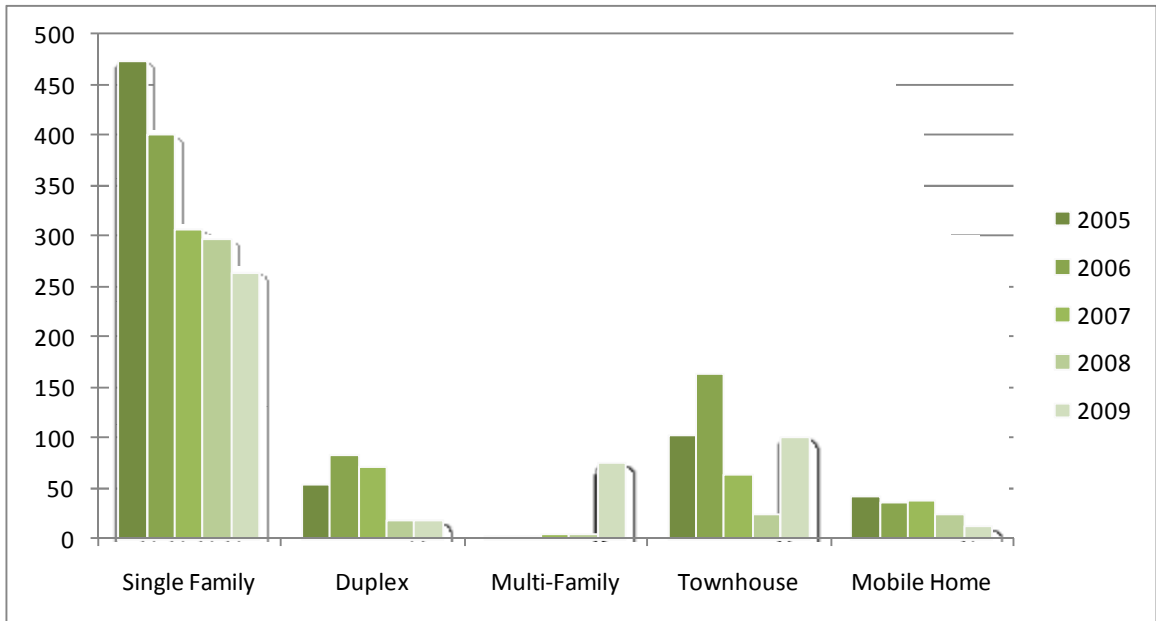
	2005	2006	2007	2008	2009
<b>Centre County</b>	<b>675</b>	<b>685</b>	<b>486</b>	<b>368</b>	<b>470</b>
<b>School Districts</b>					
Bald Eagle	37	38	25	27	32
Bellefonte	181	157	160	96	184
Keystone Central	21	9	5	10	4
Penns Valley	59	50	43	21	15
Philipsburg-Osceola	12	18	11	15	44
State College	365	404	236	196	185
Tyrone	-	9	6	3	6

Source: Centre County Planning and Community Development Office

Permits for single-family units have steadily fallen since 2005. The number of single-family permits dropped from 474 in 2005 to 264 in 2009. Permits

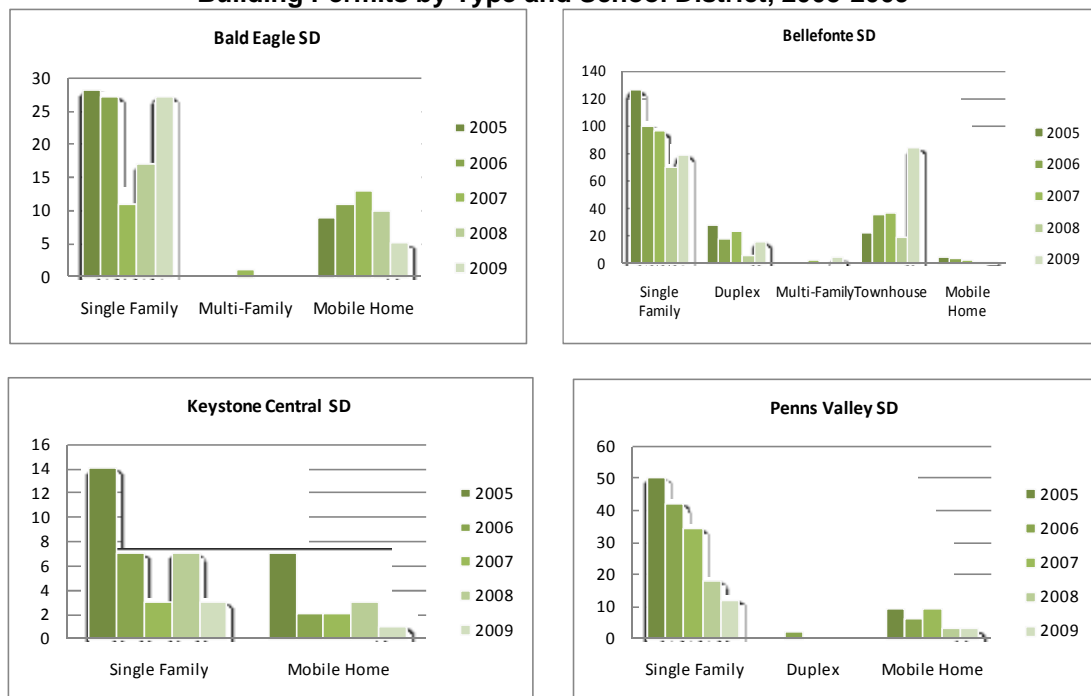
for duplexes and mobile homes also have been decreasing. By comparison, permits for multi-family units and townhouses decreased between 2005 and 2008, followed by an increase in 2009.

**Figure 5-4**  
**Building Permits by Unit Type, Centre County, 2005-2009**



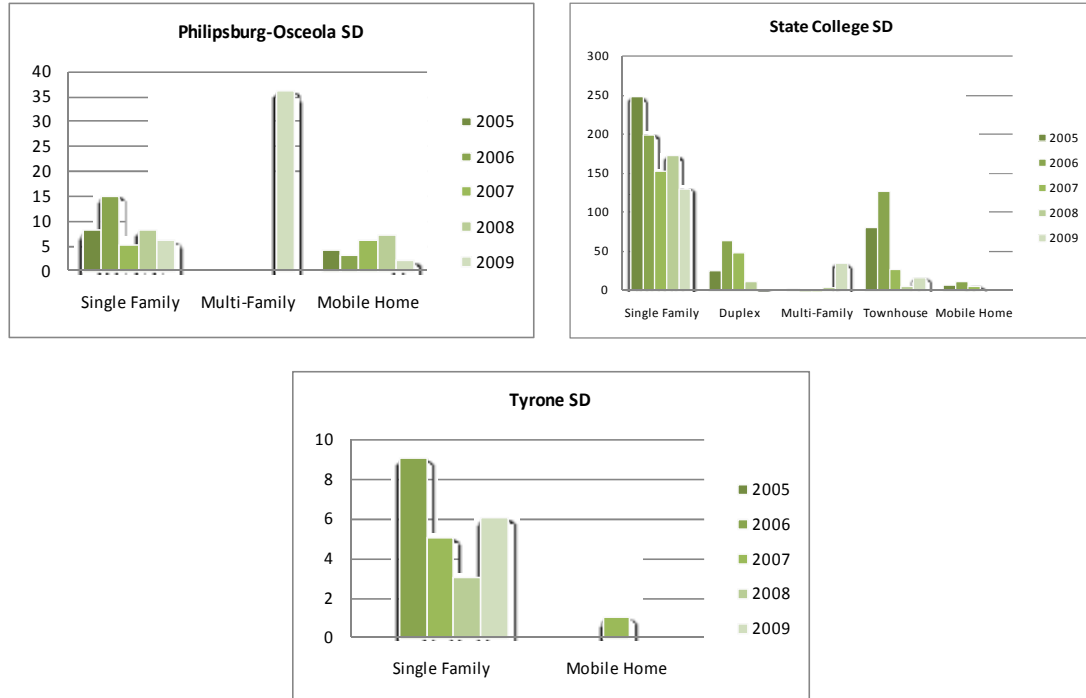
Source: Centre County Planning and Community Development Office

**Figure 5-5**  
**Building Permits by Type and School District, 2005-2009**





### Building Permits by Type and School District, 2005-2009 (continued)



Source: Centre County Planning and Community Development Office

## C. Housing Types

**Single-family units comprise nearly two-thirds of the housing stock in Centre County.** Single-family units were most prominent in the Penns Valley School District, where they comprised 80.2% of the total housing stock. As a result of its large student and renter populations, the State College School District had the smallest proportion of single-family units (52%).

Throughout the county, multi-family units accounted for 30.3% of the total housing stock; over 80% of these units were located in the State College School District. In four of the school districts – Bald Eagle, Keystone, Penns Valley, and Tyrone – multi-family structures comprised less than 10% of the housing stock.

Centre County has a relatively large proportion of mobile homes, which account for 7.5% all units. In the four school districts with a small proportion of multi-family units, mobile homes represent a common affordable option for many households. In the Keystone School District, mobile homes comprise nearly one-quarter of the housing stock. Similarly, mobile homes were prominent in the Bald Eagle (17.6%), Penns Valley (13.6%), and Tyrone (19.5%) school districts.

**Figure 5-6  
Units in Structure, 2000**

	Total Units	Single-family units	Multi-family units				Total	Mobile Homes
			2 to 4	5 to 9	10 to 19	20 or more		
<b>Centre County</b>	<b>53,161</b>	<b>33,019</b>	<b>3,932</b>	<b>2,647</b>	<b>2,978</b>	<b>6,558</b>	<b>16,115</b>	<b>3,989</b>
<b>School Districts</b>								
Bald Eagle	5,606	4,273	238	52	39	4	333	989
Bellefonte	8,494	6,045	857	425	222	147	1,651	798
Keystone	1,168	859	27	6	-	-	33	276
Penns Valley	5,136	4,121	279	29	-	2	310	696
Philipsburg-Osceola	3,397	2,380	322	147	43	120	632	385
State College	29,031	15,088	2,205	1,988	2,674	6,285	13,152	781
Tyrone	329	253	4	-	-	-	4	64

Source: U.S. Census Bureau 2000, SF3 (H30)

## D. Housing Tenure

**Homeownership has remained stable over the past ten years.** In 2009, 60.6% of all Centre County households were homeowners, compared to 60.2% in 2000. The Bellefonte School District experienced the most significant growth in homeownership. In 2009, 76.1% of households in the Bellefonte School District were homeowners, an increase from 71.8% in 2000. Homeownership in the Tyrone School District also increased from 84.2% to 86.7%.

**Figure 5-7  
Trends in Tenure, 2000 to 2009**

	Housing Units		Owner-Occupied Units		Renter-Occupied Units	
	Total	Occupied	Number	Percent*	Number	Percent*
<b>2000</b>						
<b>Centre County</b>	<b>53,161</b>	<b>49,323</b>	<b>29,678</b>	<b>60.2%</b>	<b>19,645</b>	<b>39.8%</b>
Bald Eagle	5,559	4,865	4,055	83.4%	810	16.6%
Bellefonte	8,495	8,103	5,816	71.8%	2,287	28.2%
Keystone Central	1,164	926	806	87.0%	120	13.0%
Penns Valley	5,136	4,268	3,526	82.6%	742	17.4%
Philipsburg-Osceola	3,397	2,909	2,146	73.8%	763	26.2%
State College	29,030	27,916	13,046	46.7%	14,870	53.3%
Tyrone	380	336	283	84.2%	53	15.8%
<b>2009</b>						
<b>Centre County</b>	<b>58,124</b>	<b>51,719</b>	<b>31,356</b>	<b>60.6%</b>	<b>20,363</b>	<b>39.4%</b>
Bald Eagle	5,768	5,006	4,192	83.7%	814	16.3%
Bellefonte	9,712	9,011	6,855	76.1%	2,156	23.9%
Keystone Central	1,192	883	768	87.0%	115	13.0%
Penns Valley	5,273	4,302	3,630	84.4%	672	15.6%
Philipsburg-Osceola	3,847	3,154	2,336	74.1%	818	25.9%
State College	31,965	29,040	13,295	45.8%	15,745	54.2%
Tyrone	367	323	280	86.7%	43	13.3%

\* Calculated as a percent of total occupied units.

Source: U.S. Census Bureau, Census 2000 and 2005-2009 American Community Survey

**Adults ages 45 to 75 were most likely to be homeowners in Centre County.** Among persons ages 25 to 34, 40.4% were homeowners in 2009. Outside of State College, however, this age cohort was significantly more likely to own their home, with a homeownership rate of 62.1%.

As residents age, many choose to transition to rental housing. For persons ages 85 and older, less than two-thirds own their home. Rental rates among elderly persons are highest in Bellefonte (42%), Philipsburg-Osceola (35.5%), and State College (43.8%).

**Figure 5-8  
Tenure by Age, 2009**

	Total	Age Cohort							
		15-24	25-34	35-44	45-54	55-64	65-74	75-84	85 and over
Renters as % of Householders									
Centre County	39.4%	95.0%	59.6%	27.5%	15.9%	14.5%	13.3%	21.3%	35.1%
Bald Eagle	16.3%	61.7%	30.4%	14.7%	9.6%	14.0%	8.2%	11.2%	10.8%
Bellefonte	23.9%	81.2%	44.0%	20.8%	12.6%	11.3%	14.0%	24.8%	42.0%
Keystone Central	13.0%	62.5%	31.1%	14.8%	11.3%	1.9%	0.0%	15.5%	0.0%
Penns Valley	15.6%	39.9%	40.0%	17.2%	12.2%	9.1%	6.4%	9.2%	6.1%
Philipsburg-Osceola	25.9%	56.4%	27.7%	31.1%	18.0%	18.7%	23.4%	23.9%	35.5%
State College	54.2%	98.4%	73.7%	35.8%	19.9%	17.5%	15.2%	24.0%	43.8%
Tyrone	13.3%	---	32.0%	10.7%	14.8%	9.6%	13.4%	0.0%	0.0%
Owners as % of Householders									
Centre County	60.6%	5.0%	40.4%	72.5%	84.1%	85.5%	86.7%	78.7%	64.9%
Bald Eagle	83.7%	38.3%	69.6%	85.3%	90.4%	86.0%	91.8%	88.8%	89.2%
Bellefonte	76.1%	18.8%	56.0%	79.2%	87.4%	88.7%	86.0%	75.2%	58.0%
Keystone Central	87.0%	37.5%	68.9%	85.2%	88.7%	98.1%	100.0%	84.5%	100.0%
Penns Valley	84.4%	60.1%	60.0%	82.8%	87.8%	90.9%	93.6%	90.8%	93.9%
Philipsburg-Osceola	74.1%	43.6%	72.3%	68.9%	82.0%	81.3%	76.6%	76.1%	64.5%
State College	45.8%	1.6%	26.3%	64.2%	80.1%	82.5%	84.8%	76.0%	56.2%
Tyrone	86.7%	---	68.0%	89.3%	85.2%	90.4%	86.6%	100.0%	100.0%

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**White households were significantly more likely to be homeowners than minority households.** Across Centre County, 63.4% of Whites were homeowners. The second highest homeownership rate was among persons of two or more races, of whom only 39.5% owned their home. Among Black households, 13.7% were homeowners.

Homeownership rates among minorities were the lowest in the State College School District. However, State College is also the most diverse school district and has the highest number of non-White residents. In the school districts with 100% homeownership among minorities, the total number of households is relatively small.

**Figure 5-9  
Tenure by Race and Ethnicity, 2009**

	Total	White	Black	American Indian/ Alaskan Native	Asian	Native Hawaiian	Some other Race Alone	Two or More Races	Hispanic
<b>Renters as % of Householders</b>									
<b>Centre County</b>	<b>39.4%</b>	<b>36.6%</b>	<b>86.3%</b>	<b>78.8%</b>	<b>73.3%</b>	<b>100.0%</b>	<b>84.5%</b>	<b>60.5%</b>	<b>72.1%</b>
Bald Eagle	16.3%	15.9%	76.5%	60.0%	0.0%	---	0.0%	100.0%	34.4%
Bellefonte	23.9%	23.7%	31.3%	0.0%	0.0%	---	100.0%	100.0%	74.6%
Keystone Central	13.0%	13.1%	---	0.0%	---	---	---	0.0%	0.0%
Penns Valley	15.6%	15.5%	---	---	0.0%	---	100.0%	0.0%	0.0%
Philipsburg-Osceola	25.9%	26.1%	0.0%	---	0.0%	---	---	---	23.8%
State College	54.2%	50.9%	89.1%	82.7%	75.8%	100.0%	86.7%	61.1%	80.7%
Tyrone	13.3%	13.7%	---	---	---	---	0.0%	---	0.0%
<b>Owners as % of Householders</b>									
<b>Centre County</b>	<b>60.6%</b>	<b>63.4%</b>	<b>13.7%</b>	<b>21.2%</b>	<b>26.7%</b>	<b>0.0%</b>	<b>15.5%</b>	<b>39.5%</b>	<b>27.9%</b>
Bald Eagle	83.7%	84.1%	23.5%	40.0%	100.0%	---	100.0%	0.0%	65.6%
Bellefonte	76.1%	76.3%	68.8%	100.0%	100.0%	---	0.0%	0.0%	25.4%
Keystone Central	87.0%	86.9%	---	100.0%	---	---	---	100.0%	100.0%
Penns Valley	84.4%	84.5%	---	---	100.0%	---	0.0%	100.0%	100.0%
Philipsburg-Osceola	74.1%	73.9%	100.0%	---	100.0%	---	---	---	76.2%
State College	45.8%	49.1%	10.9%	17.3%	24.2%	0.0%	13.3%	38.9%	19.3%
Tyrone	86.7%	86.3%	---	---	---	---	100.0%	---	100.0%

Source: U.S. Census Bureau, 2005-2009 American Community Survey

## E. Condition of Housing Stock

Census data provides certain indicators relative to the condition of the local housing stock. Three factors can be evaluated through Census datasets, including the age of the structure, the degree of overcrowding, and the lack of complete plumbing facilities.

The age of a residential structure demonstrates the time the unit has remained in the inventory and the duration of time over which substantial maintenance is necessary. The age threshold commonly used to signal potential housing stock problems includes units that are 50 years old or over (i.e. built prior to 1960). However, the age of the structure alone is not a fool-proof method of determining the condition of the unit. Many older units are well-maintained. Older units, however, have a greater need for maintenance, including replacement of expensive building systems. For low and moderate income homebuyers with less disposable income, the costs of maintaining, or replacing building systems, including plumbing, heating, roof, and electrical work can be prohibitive. According to Coldwell Banker, it is estimated nationally that the cost to provide annual basic maintenance on a home can range from 1.5% to 4% of the home's original cost.

New housing units with bigger rooms and modern amenities generally have higher sales values, reflecting consumer preference for newer units. Geographic locations with a variety of new housing types are more attractive to new households, but generally less affordable to lower income homebuyers.

Another variable used to identify housing condition is overcrowding, which is directly related to the wear and tear sustained by the residential structure.

Occupancy at levels greater than one person per room (1.01) is used by the Census Bureau as the threshold for defining overcrowded living conditions. Finally, a lack of plumbing facilities indicates the sharing of toilet and shower facilities between households. According to the U.S. Census Bureau, complete plumbing facilities include: (1) hot and cold piped water; (2) a flush toilet; and (3) a bathtub or shower.

**Older units comprise nearly 42% of Centre County's housing stock.** On the whole, homeowners are more likely than renters to live in units built prior to 1960. However, within the individual school districts, only in State College and Philipsburg-Osceola were renters less likely to live in older structures. Within the other five school districts, it was more common for renters to live in older structures.

**Figure 5-10  
Housing Indicators, 2009**

	Total Occupied Units	Units Built Prior to 1960		Overcrowded Units		Units Lacking Complete Plumbing Facilities		Total Units with Housing Problem	
		Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied	#	% of Occupied Units
Centre County	51,719	39.0%	41.8%	4.2%	0.8%	0.9%	0.3%	22,447	43.4%
<b>School Districts</b>									
Bald Eagle	5,006	50.4%	45.9%	1.5%	1.3%	2.0%	0.1%	2,425	48.4%
Bellefonte	9,011	60.3%	42.1%	0.6%	0.5%	0.0%	0.6%	4,268	47.4%
Keystone Central	883	46.1%	36.1%	0.0%	2.1%	2.6%	0.0%	349	39.5%
Penns Valley	4,302	57.3%	47.3%	1.3%	1.6%	0.0%	0.7%	2,198	51.1%
Philipsburg-Osceola	3,154	47.3%	62.7%	1.8%	2.2%	0.0%	0.0%	1,917	60.8%
State College	29,040	34.1%	35.6%	5.1%	0.4%	1.0%	0.1%	11,133	38.3%
Tyrone	323	62.8%	34.3%	11.6%	0.0%	30.2%	5.7%	157	48.6%

Source: U.S. Census Bureau, 2005-2009 American Community Survey

**Renter households are five times as likely as owners to live in overcrowded units.** Among renter households, there are an estimated 860 overcrowded units in the county. Of these, 93.8% are in State College. Tyrone has the highest rate of overcrowding among renters. However, renter households comprise a small portion of Tyrone's occupied units.

**Less than 1% of Centre County's housing stock lacks complete plumbing facilities.** Only 292 units, or less than 1% of all occupied units, lack complete plumbing facilities. About half of these units are located in State College. In most areas, renters were more likely to live in a unit with incomplete plumbing. In Tyrone, over 30% of renters did not have complete facilities. However, in Bellefonte and Penns Valley, owners were more likely to live in a unit without complete plumbing facilities. One reason for the number of units without complete plumbing may be explained by the presence of Amish populations in Penns Valley and Nittany Valley. For cultural reasons, however, these homes would not be considered substandard.

## F. Vacant Housing Status

### The housing vacancy rate has increased 66.9% since 2000 in Centre County.

Centre County's vacancy rate increased from 7.2% to 11% during the period 2000 to 2009. The State College School District experienced the most dramatic increase in vacancies during this period. The number of vacant units nearly doubled over the past decade, and the vacancy rate increased from 3.8% to 9.2%. The Keystone School District continues to experience the highest vacancy rate, with over one-quarter of its housing stock vacant in 2009. Bellefonte had the lowest vacancy rate of 7.2%.

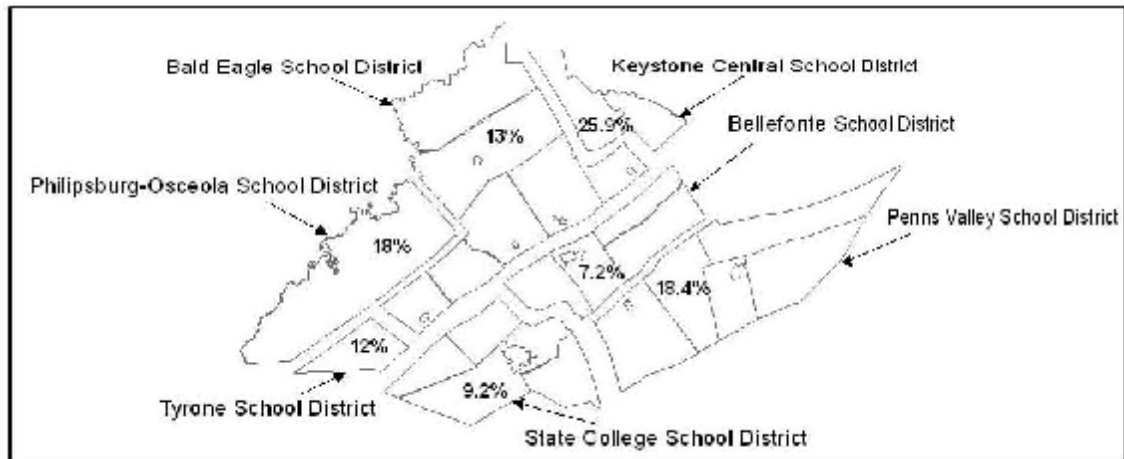
Vacancy rates throughout the County are expected to remain stable over the next five years.

**Figure 5-11**  
**Trends in Vacant Units, 2000 to 2009**

	Total Housing Units	Total Vacant Units	
		#	%
2000			
Centre County	53,161	3,838	7.2%
Bald Eagle	5,559	694	12.5%
Bellefonte	8,495	392	4.6%
Keystone Central	1,164	238	20.4%
Penns Valley	5,136	868	16.9%
Philipsburg-Osceola	3,397	488	14.4%
State College	29,030	1,114	3.8%
Tyrone	380	44	11.6%
2009			
Centre County	58,124	6,405	11.0%
Bald Eagle	5,768	762	13.2%
Bellefonte	9,712	701	7.2%
Keystone Central	1,192	309	25.9%
Penns Valley	5,273	971	18.4%
Philipsburg-Osceola	3,847	693	18.0%
State College	31,965	2,925	9.2%
Tyrone	367	44	12.0%

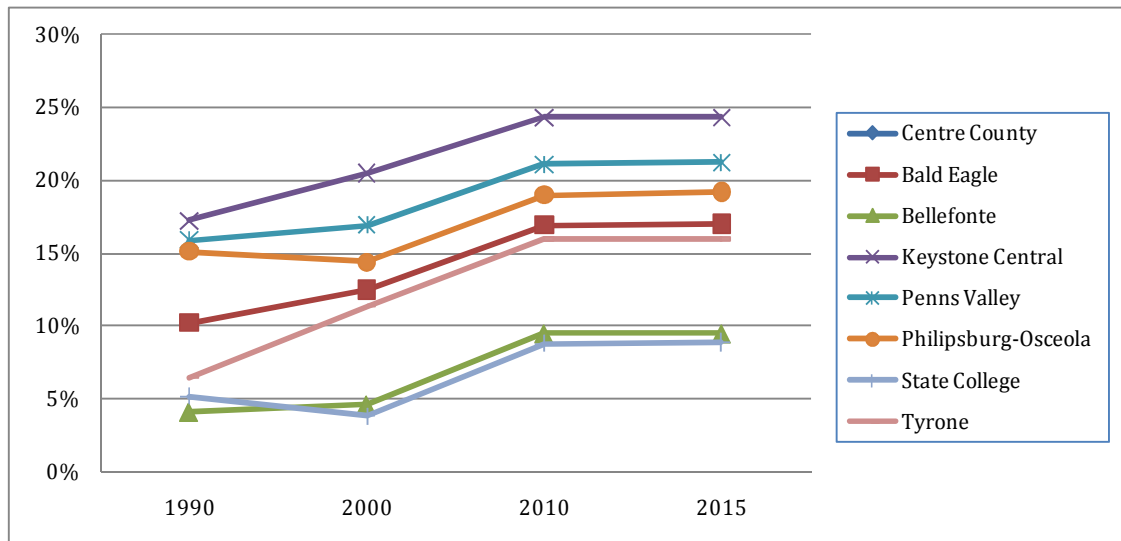
Source: U.S. Census Bureau, 2005-2009 American Community Survey

**Figure 5-12**  
**Percentage of Vacant Units, 2009**



Source: U.S. Census Bureau, 2005-2009 American Community Survey

**Figure 5-13**  
**Trends in Vacancy Rates, 1990 to 2015**



Source: U.S. Census Bureau for 1990 and 2000 data, DemographicsNow for 2010 estimate and 2015 projection

**Vacant units for rent have decreased over the past ten years.** Between 2000 and 2009, the number of vacant units for rent decreased from 757 to 407. By comparison, units for sale increased slightly, from 470 to 495. In the State College School District, the number of vacant units for rent decreased 87% and the number of units for sale decreased 71.6%. On the other hand, the Bellefonte School District had an increase in the number of vacant units for sale and for rent, despite its growing population. The number of vacant for-sale units nearly doubled from 141 to 268, and the number of units for rent increased from 111 to 127.

The data indicates an increased demand for rental and sales housing, particularly in the State College School District. For the Bellefonte School District, the data could indicate a lag in the market. Still, the building permit data in Figure 5-14 show that in 2009, the number of building permits issued in the Bellefonte School District was comparable to the State College School District (184 vs. 185 permits).

**Figure 5-14**  
**Vacancy Trends by Tenure, 2000 to 2009**

	Housing Units		Owner-Occupied Units			Renter-Occupied Units		
	Total	Occupied	#	% of Occupied Units	Vacant Units for Sale Only	#	% of Occupied Units	Vacant Units for Rent Only
<b>2000</b>								
<b>Centre County</b>	<b>53,161</b>	<b>49,323</b>	<b>29,678</b>	<b>60.2%</b>	<b>470</b>	<b>19,645</b>	<b>39.8%</b>	<b>757</b>
Bald Eagle	5,559	4,865	4,055	83.4%	71	810	16.6%	40
Bellefonte	8,495	8,103	5,816	71.8%	141	2,287	28.2%	111
Keystone Central	1,164	926	806	87.0%	10	120	13.0%	2
Penns Valley	5,136	4,268	3,526	82.6%	53	742	17.4%	26
Philipsburg-Osceola	3,397	2,909	2,146	73.8%	46	763	26.2%	116
State College	29,030	27,916	13,046	46.7%	141	14,870	53.3%	459
Tyrone	380	336	283	84.2%	8	53	15.8%	3
<b>2009</b>								
<b>Centre County</b>	<b>58,124</b>	<b>51,719</b>	<b>31,356</b>	<b>60.6%</b>	<b>495</b>	<b>20,363</b>	<b>39.4%</b>	<b>497</b>
Bald Eagle	5,768	5,006	4,192	83.7%	55	814	16.3%	22
Bellefonte	9,712	9,011	6,855	76.1%	268	2,156	23.9%	127
Keystone Central	1,192	883	768	87.0%	22	115	13.0%	17
Penns Valley	5,273	4,302	3,630	84.4%	18	672	15.6%	18
Philipsburg-Osceola	3,847	3,154	2,336	74.1%	83	818	25.9%	96
State College	31,965	29,040	13,295	45.8%	40	15,745	54.2%	217
Tyrone	367	323	280	86.7%	9	43	13.3%	-

Source: U.S. Census Bureau



## 6. CONSUMER PREFERENCES

One of the most important aspects of the Housing Market Study involves primary research on consumer preferences for shared equity sales housing in Centre County. Among other things, CCHLT wants to know “if we build it, will they come?”

This section of the report describes the results of a consumer survey aimed at the target market for shared equity sales housing, i.e., working households, age 25 to 45 with incomes between 60% and 100% of median household income with a sincere interest in purchasing a home during the next two or three years.

### A. Analysis of Online Consumer Survey

#### i. Survey Overview

The Consumer Preference Survey was posted on the Internet via [www.zoomerang.com](http://www.zoomerang.com), an online survey tool. The survey posed a total of up to 26 questions. The survey was officially launched on November 29, 2010 and closed on February 3, 2011, giving area consumers and residents over two months to complete the survey.

A link to the survey was sent to several State College area employers for distribution to employees. A total of 230 responses were received and analyzed.

#### ii. Methodology

The Consumer Preference Survey included a total of up to 26 questions. The first four questions requested information on the individual completing the survey, including their home zip code, work zip code, household income range, and age group. The next three questions asked for more specific information on the participant’s current housing circumstance, including if they currently rent or own, if they intend to move within the next three years, and if they plan to rent or own when they move. Question seven asked whether or not the respondent planned to purchase or rent a home in the next three years. If the participant responded in the affirmative to this question, they were instructed to complete the remainder of the survey and answer the remaining 19 questions regarding their specific housing preferences.

#### iii. Summary and Conclusions

This consumer research effort produced 230 completed surveys. Although it is impossible to determine whether the views held by survey participants are reflective of the Centre County community-at-large, the survey results nonetheless offer insight and information on each respondent’s housing situation, goals, needs, and preferences. A summary of the responses is included below.

- A combined 39% of respondents stated it was either somewhat important or very important to move to another dwelling unit

within the next three years. Of those respondents desiring to move, 80% would prefer to purchase a home rather than rent one.

- Common reasons for not already purchasing a home include insufficient cash for down payment and/or closing costs and insufficient income to qualify for a mortgage loan for the type of dwelling and/or location preferred.
- If they decided to move and/or purchase a home, 40% of survey respondents would prefer to live in the same community where they currently reside.
- The top three reasons to remain living in their current community include having a good feeling about their neighborhood, their current home is close to their place of employment, and they are familiar with the area.
- For those respondents desiring to move to a different location, the top three reasons include the need to be closer to amenities such as shops and day care, to live closer to work, and to live in a walkable community that has access to public transit.
- The most important features and amenities that could be offered in a potential new home include public water and sewer, three or more bedrooms, and an integral garage.
- The following communities were listed among the top three preferences (consideration of costs aside): State College Borough, Bellefonte, Spring Township, Boalsburg, and Benner Township.
- The majority of survey respondents had between a 0-30 minute one-way commute to work. Mileage traveled one-way to work varied greatly by respondent.
- Survey participants indicated that the maximum one-way commute time to work that they are willing to travel is between 15 and 30 minutes. In miles, the majority of respondents are willing to travel between 10 and 30 miles.
- Most respondents did not place a high value on short commutes to work. Sixty-two percent of survey respondents are not willing to pay more for a home even if it is in a location that reduces their travel time to work.
- The survey produced additional evidence that prospective buyers are willing to endure longer commutes in exchange for lower housing costs. Sixty-four of respondents would be willing to move to a more remote location or to an area that they consider to be less affordable in order to keep their monthly housing costs manageable.
- The majority of survey participants prefer to purchase a single-family, detached home. Townhomes are not as desirable as single-family, detached homes. Some 73% of participants

stated that they would not be willing to live in a townhome in order to achieve homeownership sooner or in a better location.

- Respondents indicated that monthly housing expenses and location were the most important variables in selecting a home. Commuting time to work was less important to most respondents.
- The majority of survey participants are comfortable with a PITI payment of \$1,200 or less per month. For example, 50% of participants were comfortable with a PITI expense of under \$1,000 per month. Another 20% were comfortable with a PITI expense between \$1,000 and \$1,200.
- Respondents were about evenly split in terms of their willingness to participate in public homeownership incentives. Just over half (55%) of survey participants would be willing to participate in a public program that helps them to achieve homeownership.
- Despite its success, the majority of respondents were not familiar with the community land trust model in State College.
- Even among respondents who are familiar with the community land trust model in State College, there is a hesitancy to participate in CLT transactions. Of those respondents who are familiar with the State College Community Land Trust, 24% would be interested in participating in a similar program in another area of Centre County.

Demographic information of survey respondents was also collected as part of this survey analysis. The following key points provide a summary of the demographic trends of the participants:

- The majority of respondents live and work in the Bellefonte and/or State College areas, specifically in zip codes 16823 and 16801.
- Survey participants represent a wide range of income levels. Overall, a combined 70% of participants made \$39,780 or more per year.
- Fifty-seven percent of respondents were between the ages of 25 and 45.
- The majority of survey participants (71%) were homeowners.

## **B. Implications for CCHLT's Shared Equity Sales Housing Program**

Most consumers are not familiar with the community land trust sales housing model. Consumers that are familiar with the State College CLT program expressed a hesitancy to become involved in such a program. Since purchasing a home is a major decision and because the CLT model can be difficult for consumers to understand, CCHLT would be well-advised to invest in a well-organized marketing and educational initiative aimed at

expanding public awareness of the CLT sales housing model and CCHLT's program.

Based on the results of the consumer survey, it is clear that households in the target market struggle to accumulate the cash required for the downpayment and closing costs. Respondents were fearful that they may not be able to qualify for a mortgage loan from a commercial lender. These concerns underscore the importance of educational efforts for all prospective buyers aimed at credit repair, budgeting and managing the responsibilities of owning one's home. Linking CCHLT homes with downpayment and closing cost assistance would overcome a major barrier to participation.

In terms of locational preference, consumers are comfortable with moderate commutes up to 30 minutes in duration. Respondents expressed price-sensitivity without regard to their travel time to work, the availability of public transportation or the cost of commuting. CCHLT will need to educate prospective buyers on how the cost of commuting affects affordability if it wishes to market homes on this basis.

Consumers expressed an overwhelming preference for single family detached homes over other forms of sales housing. For this reason, CCHLT should focus on the single family detached product preferred by most consumers, rather than experimenting with the marketability of townhomes or condominiums.

In order to attract the attention of consumers, CCHLT should market its products on the basis of the monthly cost of housing. If CCHLT can create sales housing at a cost to the consumer of \$900 to \$1,200 per month, it will attract the attention of buyers in the target market.

## 7. HOUSING MARKET ANALYSIS

### A. Income and Housing Affordability

Income trends reflect the financial capacity of a region to support new housing construction, modernization of older housing units, and routine maintenance of existing units. Lower income households will have greater difficulty meeting basic needs (food and clothing) and generally have less disposable income to save toward a down payment, to rent or purchase a home, or to make necessary repairs on an older housing unit.

Area median income (AMI) is a benchmark used by the county to determine eligibility for state and federal housing programs. The AMI is broken down into household size categories and income ranges to determine eligibility for programs, including Section 8 and HOME programs.

**Real median income increased 18%% in Centre County between 2000 and 2010.** Centre County's area median income was \$66,300 in 2010, an increase of 18% from \$56,178 in 2000. This increase in real median income (i.e., adjusted for inflation) followed a decrease of 2.2% during the 1990s.

### B. B. Housing Market Value, 1990 – 2010

Overall, Centre County has experienced strong growth in median housing values during the period 1990 to 2010.

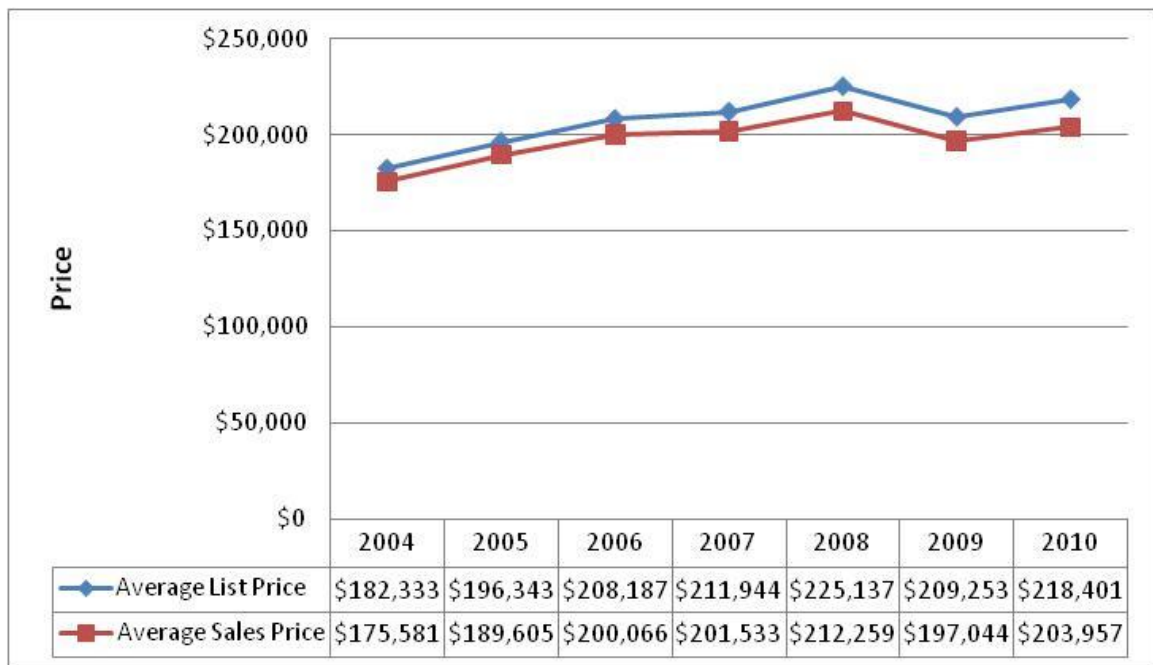
- Between 1990 and 2000, the median housing value increased 12.8%, from \$98,382 to \$111,006, adjusted for inflation to 2000 dollars.
- Between 2000 and 2010, the median housing value increased 18.5%, from \$141,089 to \$167,200, adjusted for inflation to 2010 dollars.

Real median income in Centre County increased 18% between 2000 and 2010, while median housing value increased 18.5%, after adjusting for inflation. Consequently, real median income kept pace with rising median housing value. The average sale price in Centre County decreased 3.1% from 2005 to 2010, from \$210,462 to \$203,957 (adjusted for inflation).

### A. Sales Market Data

The following section reflects current housing sales data obtained from the Centre County Association of Realtors.

**Figure 7-1**  
**Trends in Sales Price, 2004-2010**



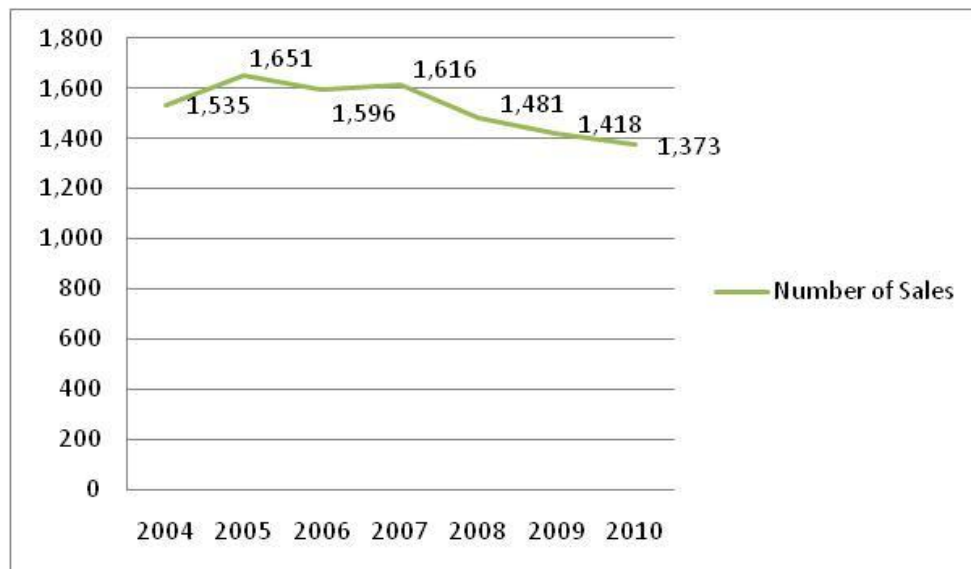
Source: Centre County Association of Realtors MLS Data

**The impact of the recession on the housing market in Centre County was reflected in the reduction of average sales prices during the period 2008 to 2009.** From 2004 to 2008, the average list price rose over 20% before dropping more than 7% between 2008 and 2009. Between 2009 and 2010 the average list price rebounded 3.5%, returning closer to pre-recession levels.

Since 2004, the difference between the average list price (what the buyer is asking) and the average sales price (what the house actually sells for) has varied from under 4% in 2004 to over 7% in 2010, reflecting a market that continues to hold its value.

**The impact of the recession can also be seen in the decrease in the number of sales.** After reaching a peak of 1,651 sales transactions in 2005, the sales volume declined steadily to 1,373 sales transactions in 2010, a 20% decline over five years.

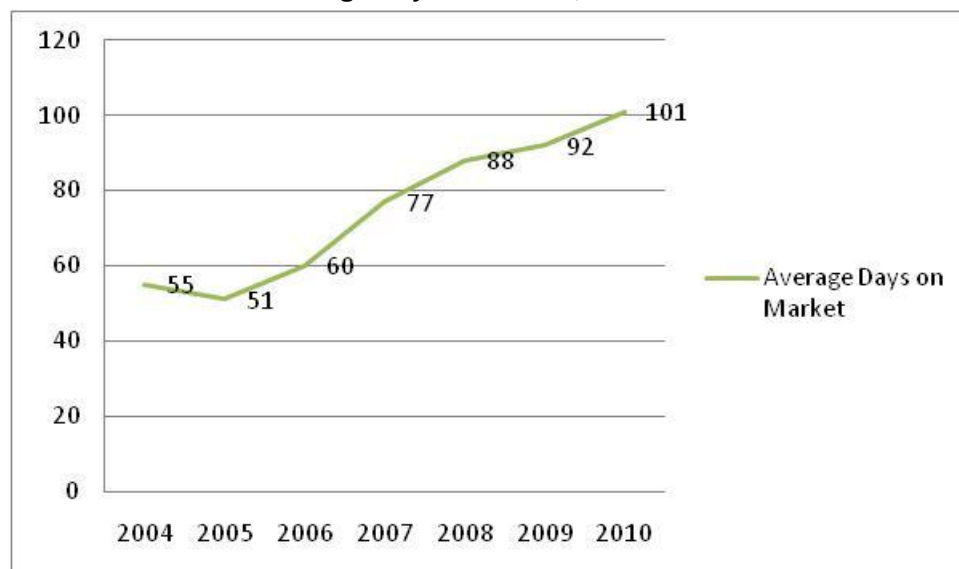
**Figure 7-2**  
**Home Sales Transactions in Centre County, 2004-2010**



Source: Centre County Association of Realtors MLS Data

**The average days on market doubled between 2005 and 2010.** In 2005, a home in Centre County remained on the market for an average of 51 days. By 2010, the average number of days on market nearly doubled to 101 days.

**Figure 7-3**  
**Average Days on Market, 2004-2010**



Source: Centre County Association of Realtors MLS Data

The above data on sales, price trends and the average days on market suggest that a buyer's market exists in Centre County. But how much house

can a buyer afford to purchase in Centre County? The following paragraphs explore income and affordability.

The affordability of the sales housing market can help to predict the ability of households to acquire a home.

Using the area median income of \$66,300 in 2010, a household could purchase a home selling for \$179,000.

**Figure 7-4**  
**Maximum Affordable Sales Prices in Centre County, AMI**

Area Median Income	Monthly Mortgage Payment				Other Debt Service	Maximum Affordable Purchase Price
	Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment		
\$66,300	\$865	\$383	\$80	\$1,328	\$500	\$179,000

Sources: Demographics Now; 2000 Census; HUD; Centre County Association of Realtors; Centre County Tax Office; Calculations by Mullin & Lonergan Associates, Inc.

In 2010, there were a total of 669 units in Centre County that sold for \$179,000 or less. This was equivalent to 48.7% of the 1,372 total sales transactions reported by the Centre County Association of Realtors. Using AMI to determine housing affordability reveals a relatively affordable housing market.

An analysis of the affordability of sales housing to households in the 60% to 120% of median income was conducted. The following assumptions were made:

1. A total millage rate of 51.84 was used to calculate real estate taxes
2. A 30-year fixed mortgage at 5.0%
3. The total amount of principal, interest, taxes and insurance (PITI) equal to no more than 30% of gross monthly household income.
4. Monthly consumer debt totaling \$500 was included in the calculation. This estimate included debt service for auto loans, credit cards, and/or student loans.

The AMI of \$66,300 in 2010 was used to explore housing affordability in Centre County. The same income ranges (60%-80% and 80%-120%) were applied to gauge the affordable sales range within each category.

The following figure depicts the housing sales transactions affordable to households earning between 60% and 80% of median income.



**Figure 7-5**  
**Maximum Affordable Sales Prices 60% - 80% of AMI**

Centre County Transactions Affordable Between 60% - 80% Area Median Income		
Area Median Income	60%-80% AMI	Affordable Sales Price Range
\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; HUD; Demographics Now, Mullin and Lonergan Associates Calculations

When comparing the affordable sales price range at 60% AMI to actual sales data for 2010, there were only 142 units that sold for under \$79,999 (the closest price range available). This represented just over 10% of the units sold in Centre County.

For households earning 80% AMI, the affordable housing picture was improved. There were 409 units that sold for \$139,999 (the closest price range available). Almost one-third of the units sold in Centre County were affordable to households earning 80% of AMI.

The following figure shows the housing sales transactions affordable to those households earning between 80-120% of AMI.

**Figure 7-6**  
**Maximum Affordable Sales Prices 80% - 120% of AMI**

Centre County Transactions Affordable Between 80% - 120% Area Median Income		
Area Median Income	80%-120% AMI	Affordable Sales Price Range
\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; HUD; Demographics Now, Mullin and Lonergan Associates Calculations

The above figure shows that households earning 80%-120% of AMI have a much greater opportunity to purchase housing than households with lower incomes. Households earning 80% - 120% of AMI have an affordable sales price range that is 62% to 114% of the current average sales price of \$203,957. Over 73% of the units sold in 2010 were affordable to households earning 120% of AMI. These households have little difficulty accessing the housing market.

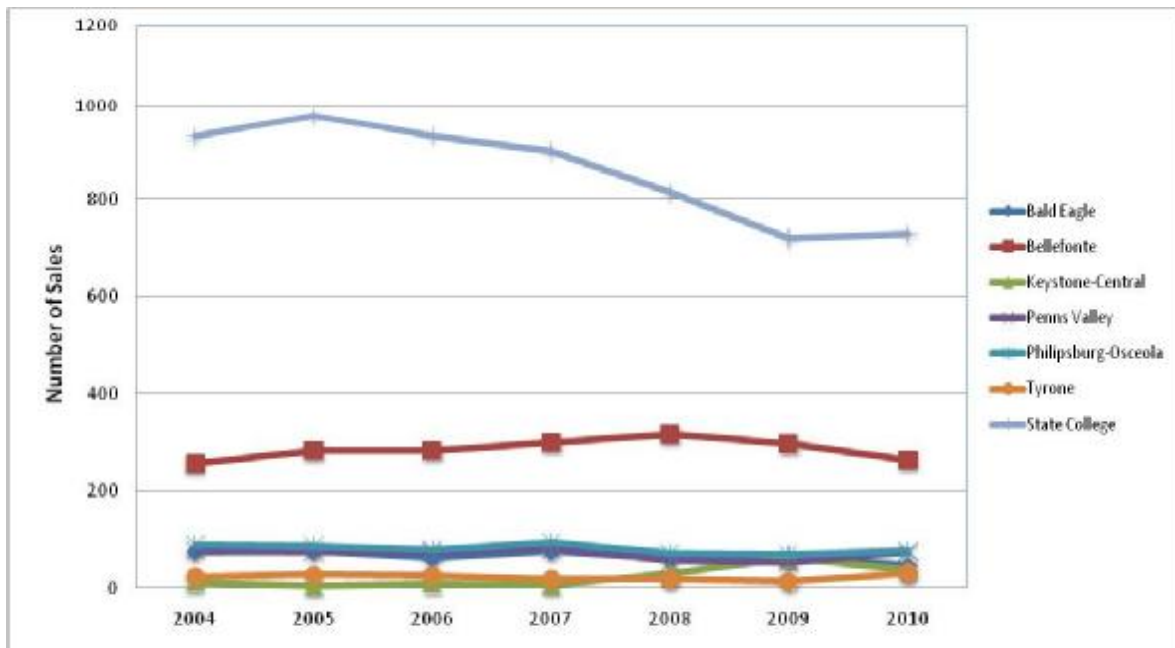
Housing programs and policies formulated by the county should focus on households earning 60% to 80% of AMI, where the greatest need exists for affordable housing.

## **B. Sales Market Data by School District**

Centre County's housing stock is diverse. Dwelling units range from urban housing in State College Borough to village dwellings in towns and boroughs to suburban subdivisions in townships to ultra-low density homes in the bucolic outlying areas of the county. An analysis of the Centre County sales market by school district from 2004-2010 provides an overview on the health of the market, the locations of the greatest volume of sales, and average sales prices that indicate where housing is most expensive and, conversely, least expensive. Information has been organized by school district in order to provide a "snapshot" of the county's housing market. This analysis establishes a context upon which the future development of housing can be evaluated.

The housing markets in each of the seven school districts in Centre County vary considerably in terms of average sales price and number of sales transactions. In many respects, the Centre County housing market can be viewed as two distinct housing markets: (1) the State College and Bellefonte school districts, located in the south-central and central regions of Centre County, which have the highest overall volume of sales transactions; and (2) the balance of the school districts, which have fewer sales transactions. The following figure depicts the clear distinction between the sales trends in the State College and Bellefonte School Districts and all other school districts in the county.

**Figure 7-7**  
**Trends in Number of Sales Transactions by School District, 2004 - 2010**

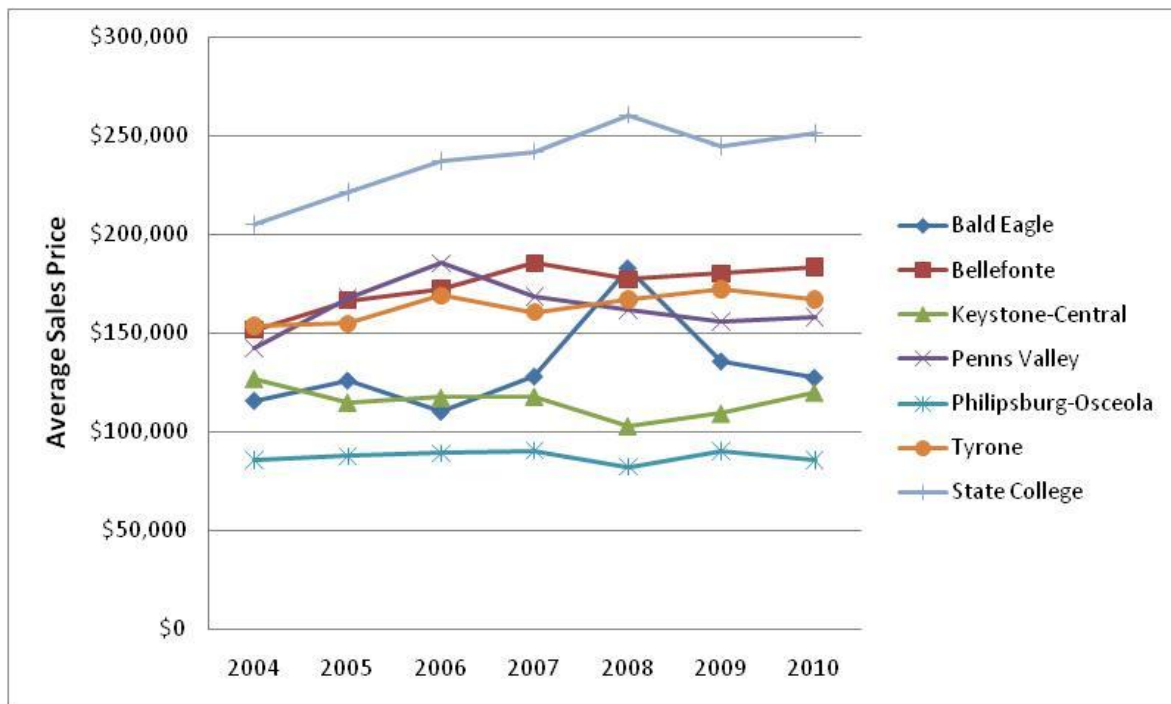


Source: Centre County Association of Realtors MLS Data

**The State College School District had the highest average sales price in 2010 at \$251,283.** This is 37% higher than the Bellefonte School District, which is located just northeast of the State College School District. School districts located in the northeastern and northwestern areas of the county, including the Philipsburg-Osceola and Keystone-Central school districts, have the lowest average sales prices.

Based on MLS data, housing demand appears to be strongest in the State College School District as defined by average sales price. Between 2004 and 2008, the average sales price in the State College School District increased 21.4%, but interestingly, the greatest increase in average sales prices during this time was in the Bald Eagle School district, rising 36.6%. Average sales prices were lowest in the Philipsburg-Osceola School District, declining 4% between 2004 and 2008.

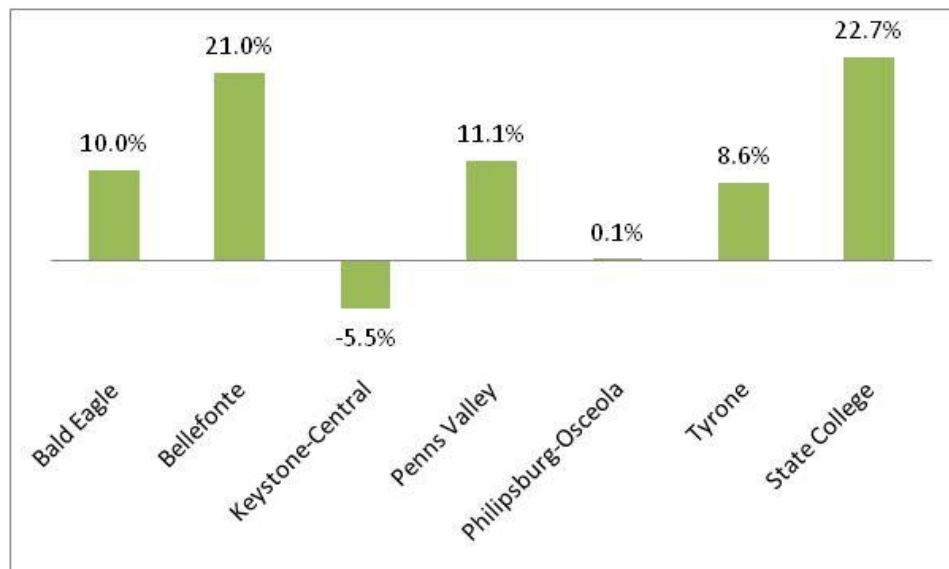
**Figure 7-8**  
**Trends in Average Sales Prices by School District, 2004 - 2010**



Source: Centre County Association of Realtors MLS Data

The following figure depicts the overall percentage change in average sales prices from 2004 to 2010. The largest increase in sales prices occurred in the State College and Bellefonte School Districts, with the only decline in average sales prices occurring in the Keystone-Central School District. The Keystone-Central School District, located in northeastern Centre County, is located further from major employment centers and State College than the other school districts.

**Figure 7-9**  
**Trends in Average Sales Prices by School District, 2004-2010**



Source: Centre County Association of Realtors MLS Data

### **C. Comparing Sales Market Data and Affordability by School District**

To better understand the housing market in Centre County, a review of market data was conducted for each of the seven school districts.

There are three levels of analysis involved in understanding the market in each of the school districts. The first level utilizes the Multiple Listing Service (MLS) real estate market data provided by the Centre County Association of Realtors. The MLS data was aggregated by school district to describe the current market and to project potential future demand by income level and bedroom type.

The second level considered the income of area residents. Household income forms the basis for the ability of households to acquire a home and to maintain the debt service to cover the mortgage principal, interest, taxes, and insurance (PITI) on a housing unit.

The third level attempts to understand the ability of those who earn incomes in the low and moderate range, generally considered to be between 60% - 100% of median household income, to afford a home. Because CCHLT's mission focuses on households with incomes up to 120% of median income, 60-120% was used in the level 3 analysis.

#### *Level 1: Multiple Listing Service (MLS) Data*

The MLS data includes the number of residential properties that were purchased within each school district from 2004 to 2010. This information provides the average list price and average sales price in order to demonstrate how the market performed before and after the recession. In

addition, information on the sales volume and the average days on the market was used to determine if the market is currently growing or contracting. The MLS data was also used to determine the inherent affordability of the housing market and includes a calculation of the percentage of homes that could conceivably be purchased using the AMI of \$66,300 for each school district.

### *Level 2: Affordability by School District*

One method used to determine the inherent affordability of a housing market is to calculate the percentage of homes that could be purchased by households at the median income level.

To calculate the price range in which these households could afford sales housing, it is necessary to calculate the proto-typical amount of principal, interest, taxes and insurance that can be managed by households in certain income ranges. For each school district, an affordability analysis was conducted that determines the maximum sales price that households could afford based on the following assumptions:

- A 30-year fixed rate mortgage at 5.0%
- A down payment of 5% of the purchase price plus 5% for closing costs
- Home owners insurance of \$600 per year (\$50 per month)
- Mortgage insurance of \$360 per year (\$30 per month)
- Property taxes calculated using the Centre County Tax Assessor's Property Tax rates
- The total amount of principal, interest, taxes and insurance (PITI) equal to no more than 30% of gross monthly household income, and
- Monthly consumer debt totaling \$500 was included in the calculation. This estimate included debt service for auto loans, credit cards, and/or student loans.

### *Level 3: Affordability by School District for Prospective Low and Moderate Income Homebuyers*

The third level of analysis involves an assessment of the ability of households in the low and moderate income category (between 60% - 120% of the area median income) to afford a home in Centre County. This analysis has been performed for two sub-categories of low and moderate income prospective buyers, namely, (a) households with incomes between 60% and 80% of median income and (b) households with incomes between 80% and 120% of the area median income.

Area median income was available from HUD for all of Centre County, but not for individual school districts or municipalities. Therefore, the following analysis by school district was performed using the AMI of \$66,300 for each school district.

**i. Bald Eagle School District**

The Bald Eagle School district is located in the north-central region of Centre County, and includes the following townships: Burnside, Snow Shoe, Howard, Boggs, Union, Huston, and Worth. In addition, this region includes five boroughs: Snow Shoe, Howard, Milesburg, Unionville, and Port Matilda. This area is predominantly rural, with smaller communities and greater travel distances between residential areas and employment centers.

MLS data was reviewed to determine the housing sales trends in the Bald Eagle School District. Housing sales in this district were the second lowest amongst the Centre County school districts.



*2010 Housing Summary*  
Average Sales Price: \$127,202  
Number of Sales: 47  
Average Days on Market: 104

**Figure 7-10**  
**Bald Eagle School District Sales and List Price Trends, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

**The impact of the recession on the housing market in the Bald Eagle School District was dramatic from 2008 to 2009.** From 2004 to 2008, the average list price rose more than 40% before dropping almost 44% between 2008 and 2009. Between 2009 and 2010, the average list price dropped 3%, returning closer to pre-recession levels.

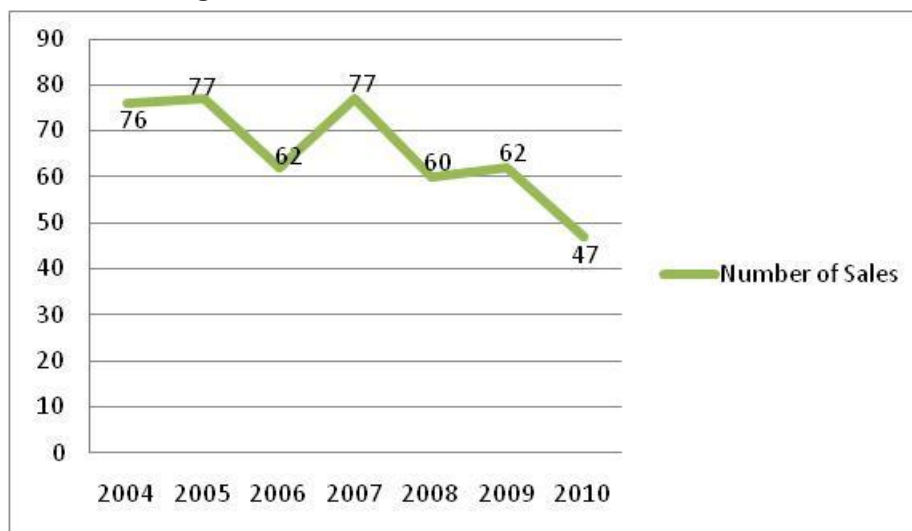
The average sales price is a more accurate reflection of the true health and condition of the housing market than the average list price. The

average sales price climbed between 2004 and 2008, reaching a peak of \$182,325 in 2008, before declining almost 34% the following year. The average sales price data reflects the contraction in the real estate market and the impact of the recession. Between 2009 and 2010 the average sales price fell more than 6%, falling back to the same level as the 2007 average sales price.

Since 2004, the difference between the average list price and the median sales price has varied from 6% in 2004 to over 10% in 2010, reflecting the ongoing challenges in the Bald Eagle School District housing market.

**The impact of the recession can also be seen in the drop in the number of sales.** After reaching a peak of 77 sales transactions in 2005 and again in 2007, the sales volume declined steadily to 47 sales transactions in 2010, a 64% decline from 2005 to 2010. This was the largest percentage decline within any school district in Centre County.

**Figure 7-11**  
**Bald Eagle School District Sales Transactions, 2004 –2010**

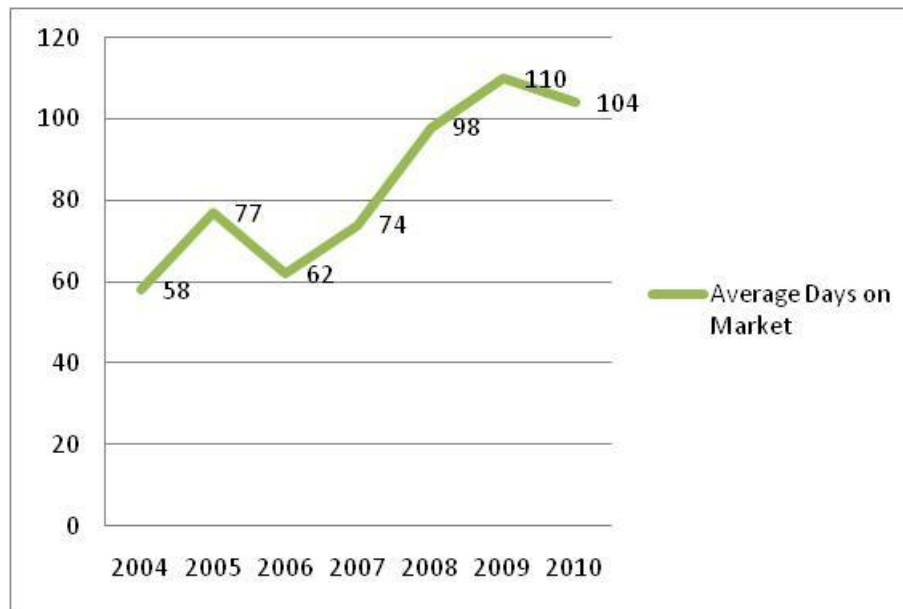


Source: Centre County Association of Realtors MLS Data

**The average days on market doubled from 2006 to 2009.** In 2004, a home in the Bald Eagle School District remained on the market for an average of 58 days. By 2009, the average days on market had almost doubled to 110 days. Since 2009, there has been a slight decline in the average days on market. The average days on market are comparable to the State College School District.



**Figure 7-12**  
**Bald Eagle School District Average Days on Market, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

The data on sales, price trends and the average days on market suggests that a buyer's market exists in the Bald Eagle School District real estate market. But how much house can a buyer afford to purchase in the Bald Eagle School District? The following figure shows the calculations used to estimate the *maximum* affordable sales prices and monthly PITI payments for prospective buyers in the Bald Eagle School District.

**Figure 7-13**  
**Maximum Affordable Sales Price in the Bald Eagle SD**

School District	Area Median Income	Monthly Mortgage Payment					Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Other Debt Service	
Bald Eagle	\$66,300	\$845	\$405	\$80	\$1,330	\$500	\$175,000

Sources: U.S. Census Bureau; Demographics Now; Centre County Tax Assessment Office, Mullin and Lonergan Associates Calculations

According to 2010 MLS data, there were 40 units that sold for \$175,000 or less, equivalent to 85% of the 47 total sales transactions in the Bald Eagle School District as reported by the Centre County Association of Realtors. A relatively affordable housing market is one in which at least 40% of the homes could be purchased by households at the median household income. Using this benchmark, the Bald Eagle School District is considered to be an inherently affordable housing market.

The following figure depicts the housing sales transactions affordable to households earning between 60% and 80% of median income.

**Figure 7-14**  
**Maximum Affordable Sales Prices at 60% - 80% AMI**

Bald Eagle School District: Transactions Affordable Between 60% - 80% Area Median Income			
School District	Area Median Income	60%-80% AMI	Affordable Sales Price Range
Bald Eagle	\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

In 2010, the average sales price in the Bald Eagle School District was \$127,202. The affordable sales price range is 42% to 73% of the current average sales price. According to the 2010 MLS data for the Bald Eagle School District, 29 units sold at values of \$139,999 or less, the closest MLS sales value range available. Over half of the units sold were within this price range.

The following figure shows the housing sales transactions affordable to households earning between 80% and 120% of the area median income.

**Figure 7-15**  
**Maximum Affordable Sales Prices at 80% - 120% AMI**

Bald Eagle School District: Transactions Affordable Between 80% - 120% Area Median Income			
School District	Area Median Income	80%-120% AMI	Affordable Sales Price Range
Bald Eagle	\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

These households have a much greater opportunity to purchase housing in the current market given the average sales price of \$127,202. The affordable sales range for those at 80-120% of median income ranges from 73% to 182% of the current average sales price. According to the MLS data for the Bald Eagle School District, all but one of the total home sales or 46 transactions were affordable to households with incomes between 80% and 120% of median income.

## ii. Bellefonte School District

The Bellefonte School district is located in the central northeastern region of Centre County, and includes the following townships: Benner, Spring, Walker, and Marion. In addition, this region includes one borough: Bellefonte. This area is often referred to as the “Nittany Valley Region.” Transportation access to I-80 and I-99 provides opportunities for growth and job creation in this area of the county. According to the Centre County Planning and Community Development Office, Nittany Valley is expected to experience the largest increase in population and employment of all of the regions in the county over the next 30 years.

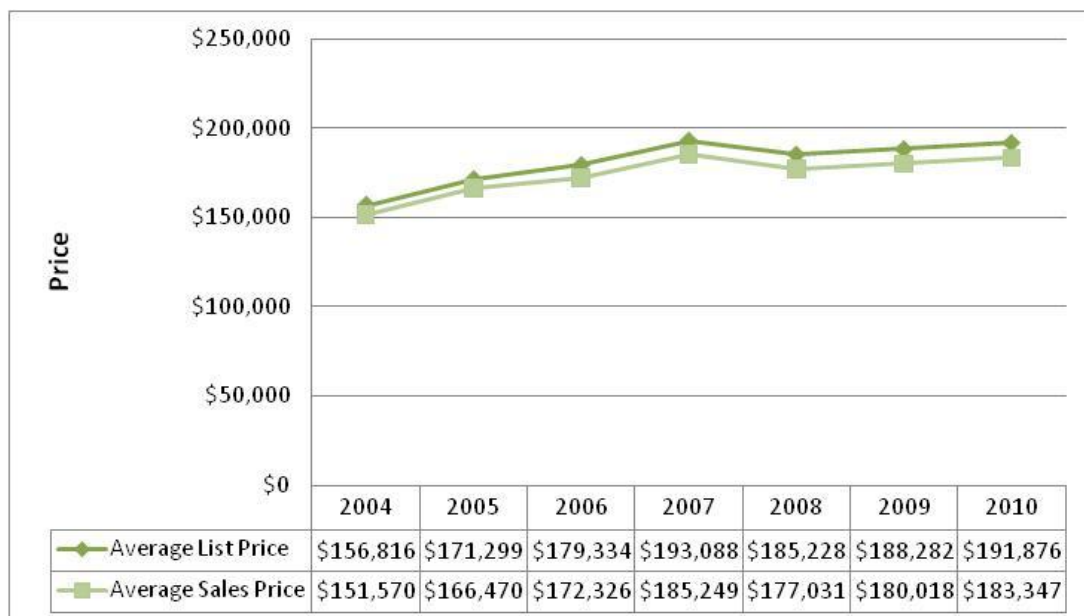
While Bellefonte Borough is largely built-out and provides commercial activity for the area, the balance of the area is largely undeveloped with agriculture and forestry the predominant land uses.

Housing sales in the Bellefonte School district were the second highest amongst the Centre County school districts after the State College School District.



*2010 Housing Summary*  
*Average Sales Price: \$183,347*  
*Number of Sales: 264*  
*Average Days on Market: 96*

**Figure 7-16**  
**Bellefonte School District Sales and List Price Trends, 2004 –2010**



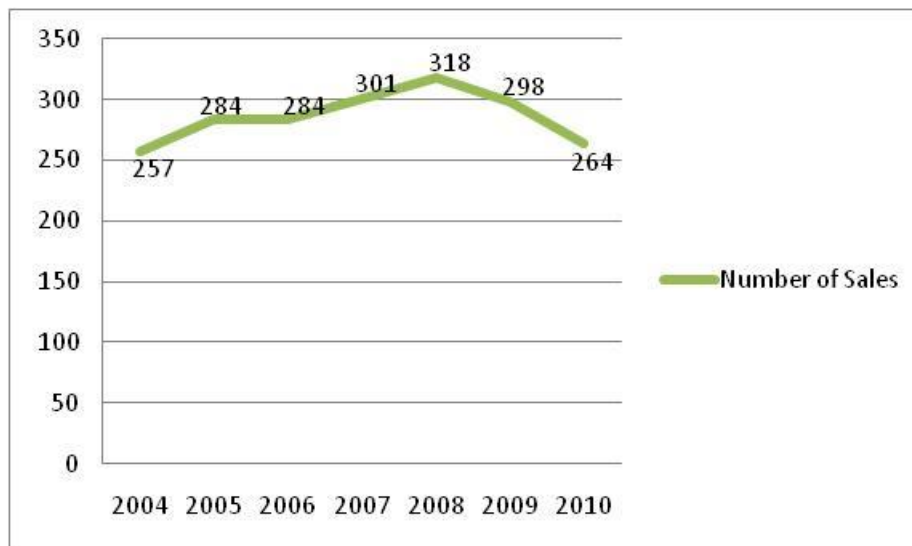
Source: Centre County Association of Realtors MLS Data

**The housing market in the Bellefonte School District was strong from 2004 to 2007 and the impact of the recession appeared to be relatively minor.** Both the average list prices and average sales prices rose by over 18% between 2004 and 2007 before dropping just 4% between 2007 and 2008. The housing market in the Bellefonte school district recovered quickly the following two years, rising 3.5% from 2008 to 2010.

Since 2006, the difference between the average list price and the median sales price remained within the 4% range, reflecting a healthy housing market. In 2005 the range was less than 3%, showing strong housing demand and the ability of the market to command higher prices.

**The impact of the recession can be seen in the reduction in the number of sales.** While sales prices and price trends remained relatively healthy, the sales volume reached a peak in 2008 before declining 20% from 2008 to 2010.

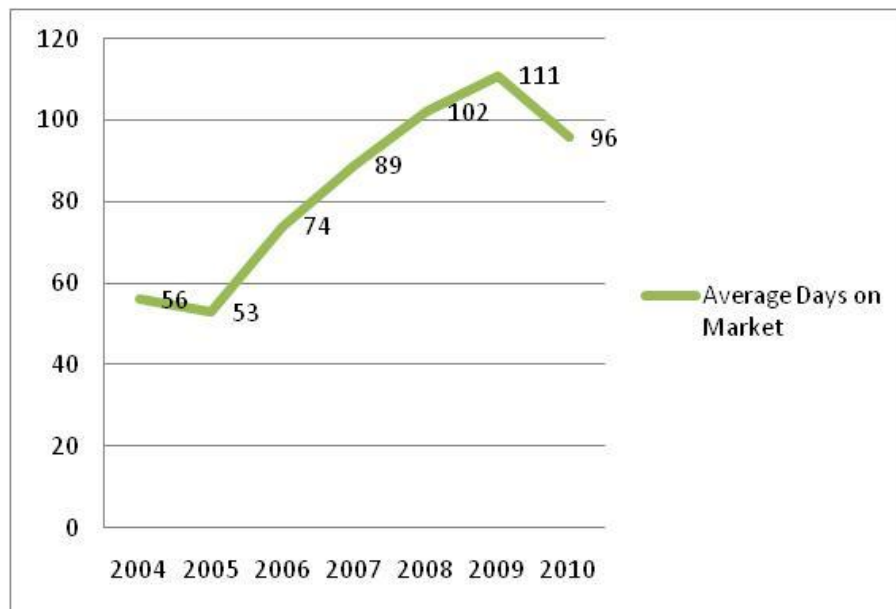
**Figure 7-17**  
**Bellefonte School District Sales Transactions, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

**The average days on market doubled from 2006 to 2009.** In 2004, a home in the Bellefonte School District remained on the market for an average of 56 days. By 2009 the average days on market had almost doubled to 111 days. Since 2009, there has been a slight decline in the average days on market. The average days on market is comparable to the State College School District.

**Figure 7-18**  
**Bellefonte School District Average Days on Market, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

The data on sales, price trends and the average days on market suggest that a buyer's market exists in the Bellefonte School District real estate market. The following figure explains the calculations used to estimate the maximum affordable sales prices and monthly PITI payments for prospective buyers in the Bellefonte School District.

**Figure 7-19**  
**Maximum Affordable Sales Price in the Bellefonte SD**

School District	Area Median Income	Monthly Mortgage Payment					Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Other Debt Service	
Bellefonte	\$66,300	\$845	\$405	\$80	\$1,330	\$500	\$175,000

Sources: U.S. Census Bureau; Demographics Now; Centre County Tax Assessment Office, Mullin and Lonergan Associates Calculations

According to 2010 MLS data, there were 143 units that sold for \$175,000 or less, equivalent to 54% of the 264 total sales transactions in Bellefonte as reported by the Centre County Association of Realtors. Using the 40% benchmark, the Bellefonte School District is considered to be an inherently affordable housing market.

The following figure shows the housing sales transactions affordable to households earning between 60% and 80% of median income.

**Figure 7-20**  
**Maximum Affordable Sales Prices at 60% - 80% AMI**

Bellefonte School District: Transactions Affordable Between 60% - 80% Area Median Income			
School District	Median Income	60%-80% AMI	Affordable Sales Price Range
Bellefonte	\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

In 2010, the average sales price in the Bellefonte School District was \$183,347. The affordable sales price range is 40% to 69% of the current average sales price. According to the 2010 MLS data for the Bellefonte School District, 69 units, or 26% of the total number of units, sold at values of \$139,999 or less.

The following figure shows the housing sales transactions affordable to households earning between 80% and 120% of the median income.

**Figure 7-21**  
**Maximum Affordable Sales Prices at 80% - 120% AMI**

Bellefonte School District: Transactions Affordable Between 80% - 120% Area Median Income			
School District	Area Median Income	80%-120% AMI	Affordable Sales Price Range
Bellefonte	\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

These households have a slightly greater opportunity to purchase housing in the current market given the average sales price of \$183,347. The affordable sales range for those at 80% to 120% of median income ranges from 40% to 127% of the current average sales price. According to the MLS data for the Bellefonte School District, 83% of the total home sales or 225 transactions were affordable to households with incomes between 80% and 120% of median income.

### iii. Penns Valley School District

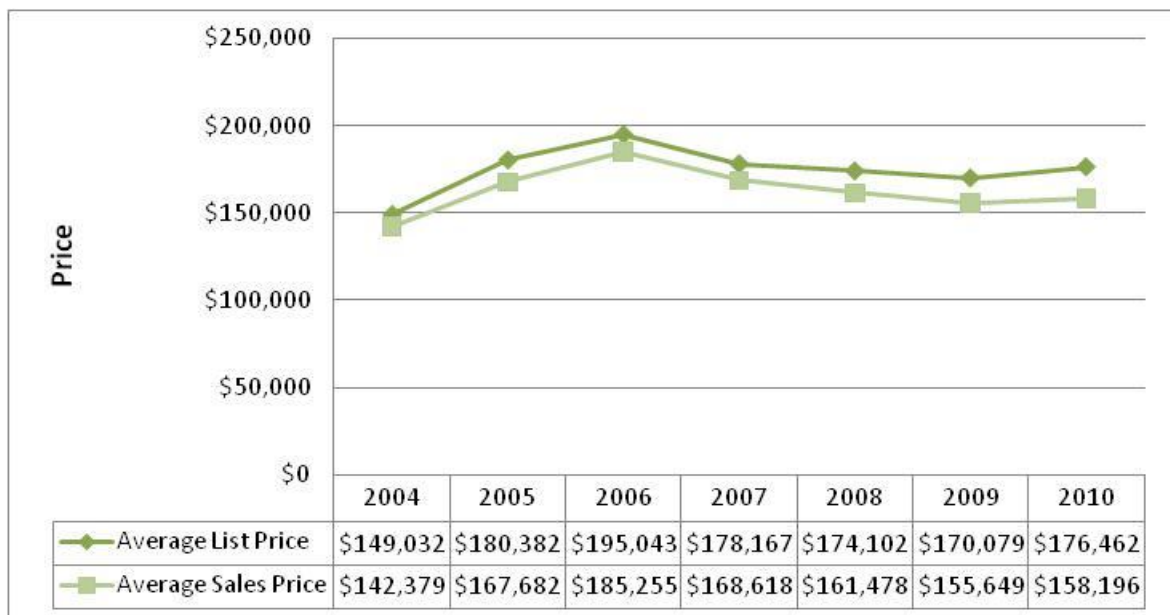
The Penns Valley School district is located in the eastern region of Centre County, and includes the following townships: Miles, Haines, Penn, Gregg, and Potter. In addition, this region includes two boroughs: Milheim and Centre Hall. This area is often referred to as the “Penns Valley Region,” a largely rural/suburban area. The area also has a large stock of mobile homes that is twice the countywide average.

MLS data was reviewed to determine the sales trends in the Penns Valley School District.



*2010 Housing Summary*  
*Average Sales Price: \$158,196*  
*Number of Sales: 74*  
*Average Days on Market: 112*

**Figure 7-22**  
**Penns Valley School District Sales and List Price Trends, 2004 –2010**



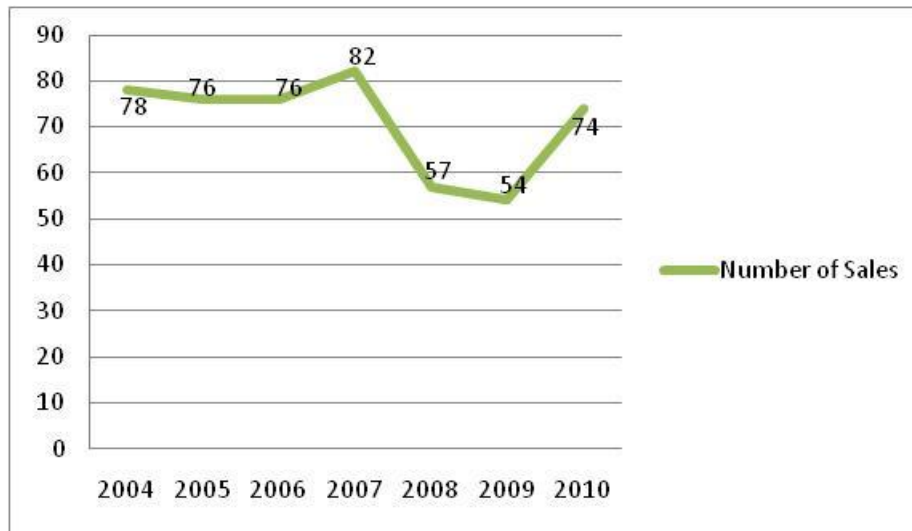
Source: Centre County Association of Realtors MLS Data

**The housing market in the Penns Valley School District was strong from 2004 to 2006 before the impact of the recession was felt from 2007 to 2009.** The housing market experienced a 23.1% increase in the average sales price between 2004 and 2006. Between 2006 and 2009, the average sales price declined 16%, before rising 1.6% between 2009 and 2010.

Since 2004, the difference between the average list price and the median sales price has varied from 4.7% in 2004 to 11.5% in 2010, reflecting a volatile housing market.

**The impact of the recession is reflected in the reduction in sales volume.** While sales price trends remained relatively healthy until 2006, the number of sales reached a peak in 2007 before declining almost 52% from 2007 to 2009. Between 2009 and 2010 transactions rose 23%.

**Figure 7-23**  
**Penns Valley School District Sales Transactions, 2004 –2010**

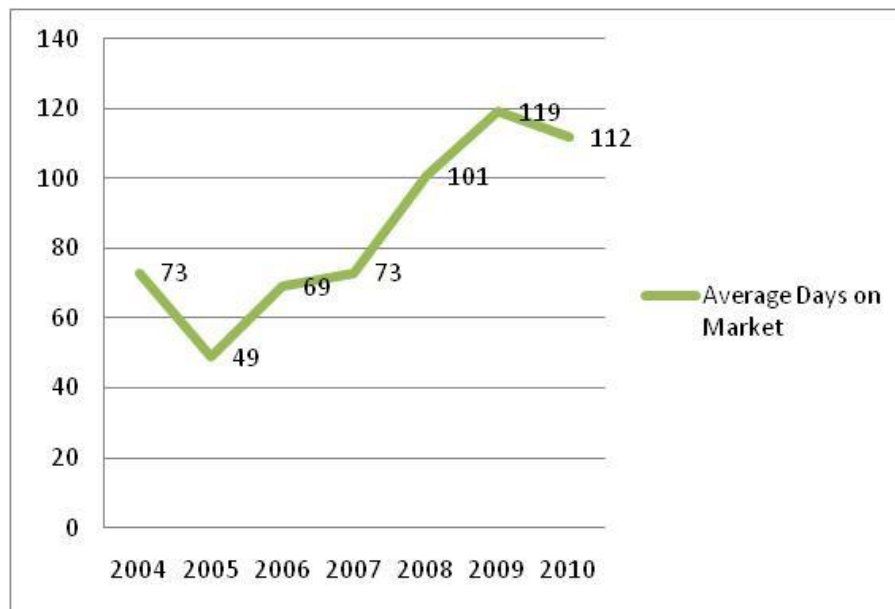


Source: Centre County Association of Realtors MLS Data

**The average days on market more than doubled from 2005 to 2009.** In 2005, a house remained on the market for an average of 49 days. By 2009 the average days on market had more than doubled to 119 days. Since 2009 there has been a slight decline in the average days on market. The average days on market is slightly higher than the State College and Bald Eagle school districts.



**Figure 7-24**  
**Penns Valley School District Average Days on Market, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

**The data on sales, price trends and the average days on market suggest that a buyer's market exists in the Penns Valley School District real estate market.** The following figure shows the calculations used to estimate the maximum affordable sales prices and monthly PITI payments for prospective buyers in the Penns Valley School District.

**Figure 7-25**  
**Maximum Affordable Sales Price in the Penns Valley SD**

School District	Area Median Income	Monthly Mortgage Payment					Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Other Debt Service	
Penns Valley	\$66,300	\$870	\$385	\$80	\$1,335	\$500	\$180,000

Sources: U.S. Census Bureau; Demographics Now; Centre County Tax Assessment Office, Mullin and Lonergan Associates Calculations

According to 2010 MLS data, there were 50 units that sold for \$180,000 or less, equivalent to 68% of the 74 total sales transactions in the Penns Valley School District as reported by the Centre County Association of Realtors. Using the 40% benchmark, the Penns Valley School District is considered an inherently affordable housing market.

The following figure shows the housing sales transactions affordable to households earning between 60% and 80% of median household income.

**Figure 7-26**  
**Maximum Affordable Sales Prices at 60% - 80% AMI**

Penns Valley School District: Transactions Affordable Between 60% - 80% Area Median Income			
School District	Area Median Income	60%-80% AMI	Affordable Sales Price Range
Penns Valley	\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

In 2010, the average sales price in the Penns Valley School District was \$158,196. The affordable sales price range is 48% to 80% of the current average sales price. According to the 2010 MLS data for the Penns Valley School District, 33 units sold at values of \$139,999 or less, the closest MLS sales value range available.

The following figure shows the housing sales transactions affordable to households earning between 80% and 120% of the median income.

**Figure 7-27**  
**Maximum Affordable Sales Prices at 80% - 120% AMI**

Penns Valley School District: Transactions Affordable Between 80% - 120% Area Median Income			
School District	Area Median Income	80%-120% AMI	Affordable Sales Price Range
Penns Valley	\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

These households have a slightly greater opportunity to purchase housing in the current market given the average sales price of \$158,196. The affordable sales range for those at 80% to 120% of median income ranges from 80% to 146% of the current average sales price. According to the MLS data for the Penns Valley School District, 84% of the total home sales or 62 transactions were affordable to households with incomes between 80% and 120% of median income.

#### iv. Keystone Central School District

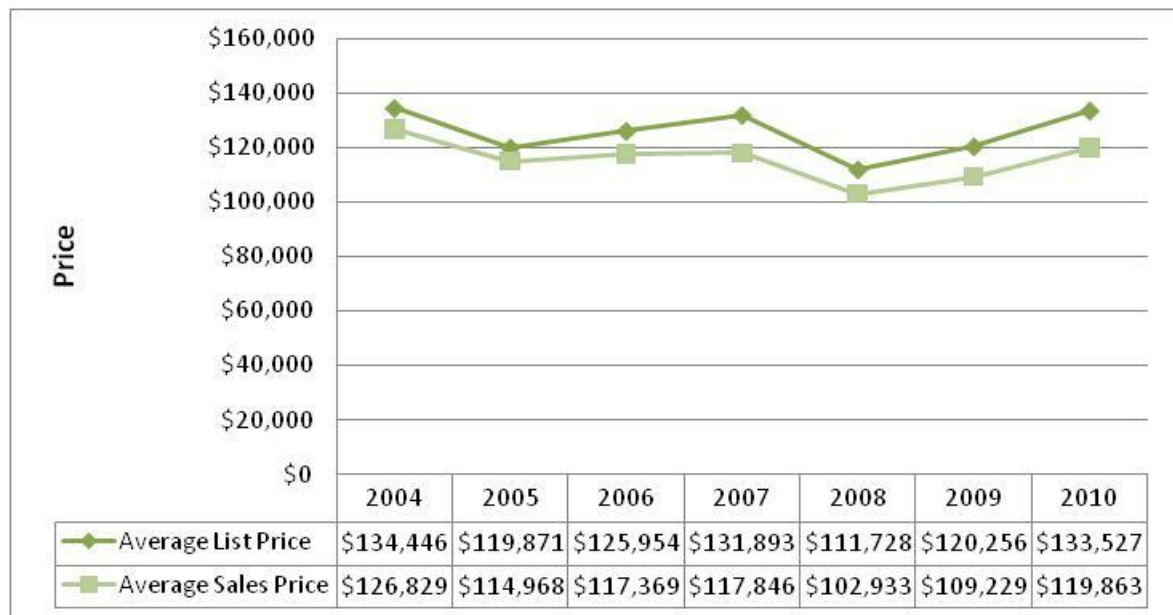
The Keystone Central School District is located in the northeastern region of Centre County, and includes the townships of Curtin and Liberty. A portion of the Keystone Central School District is located in the Lower Bald Eagle Valley Region. While population trends in recent years show a decline, transportation improvements are expected to make the region more accessible to employment centers in the Centre Region.



*2010 Housing Summary*  
*Average Sales Price: \$119,863*  
*Number of Sales: 38*  
*Average Days on Market: 132*

MLS data was reviewed to determine the sales trends in the Keystone Central School District.

**Figure 7-28**  
**Keystone Central School District Sales and List Price Trends, 2004 –2010**



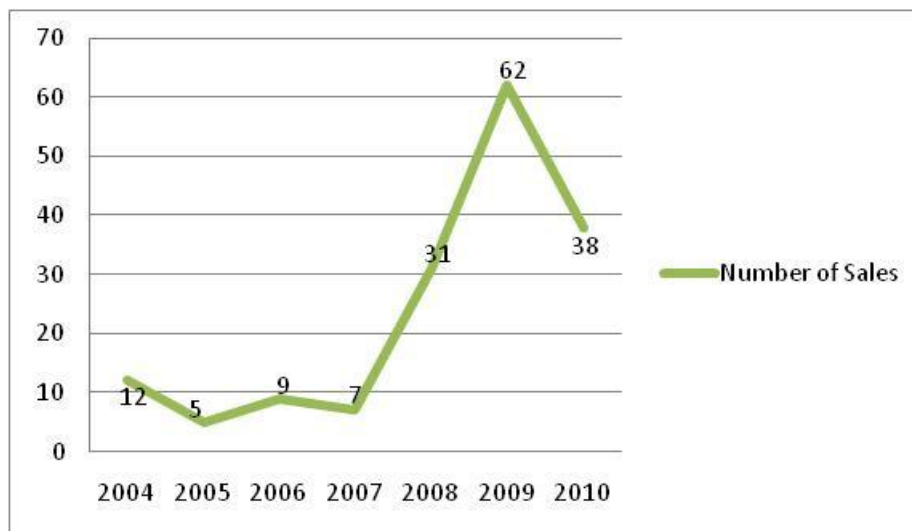
Source: Centre County Association of Realtors MLS Data

**The average sales price in the Keystone Central School District has fluctuated greatly since 2004.** The Keystone Central housing market was the only housing market to experience a decline beginning in 2004. While there was a slight increase of 2.4% between 2005 and 2007, the average sales price declined 14.5% between 2007 and 2008, reflecting the impact of the recession. Subsequently, the average sales price rose 14.1% between 2008 and 2010.

Since 2004, the difference between the average list price the median sales price has varied from 4.3% in 2004 to 11.4% in 2010, reflecting a volatile housing market.

**Total homes sales transactions reflect a market that has little correlation to the broader residential real estate market in Centre County.** Sales volume hovered at five and 12 units annually from 2005 to 2007. In 2008, when most housing markets were experiencing a decline in total home sales transactions, sales transactions actually doubled from 31 in 2008 to 62 in 2009. The following year total homes sales transactions dropped by almost half to 38.

**Figure 7-29**  
**Keystone Central School District Total Home Sales Transactions, 2004 – 2010**

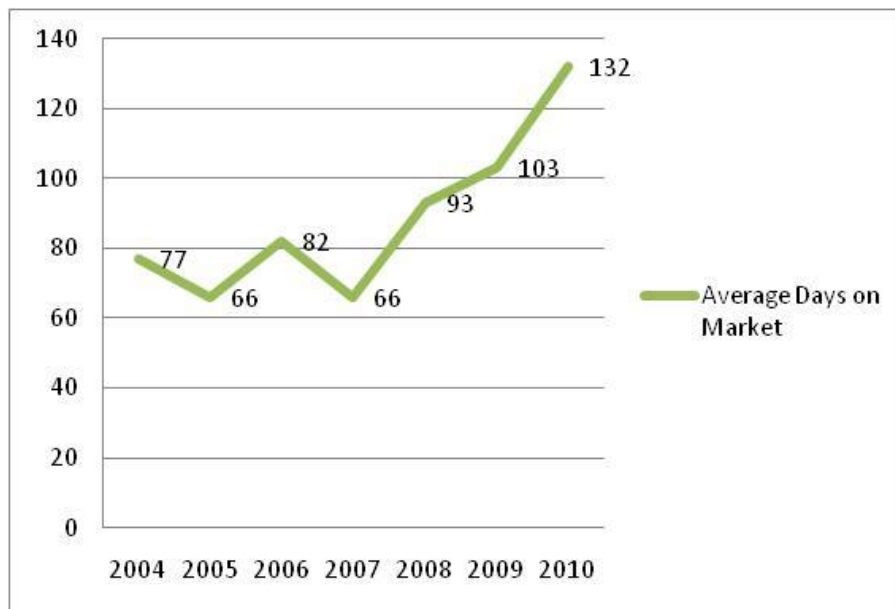


Source: Centre County Association of Realtors MLS Data

**The average days on market more than doubled from 2005 to 2009.**

In 2005, a house remained on the market for an average of 77 days. By 2010 the average days on market had almost doubled to 132 days. The average days on market is comparable to the Tyrone School District and was the second highest of all of the school districts.

**Figure 7-30**  
**Keystone Central School District Average Days on Market, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

**The data on sales, price trends and the average days on market suggest that a buyer's market exists in the Keystone Central School District real estate market.** The following figure shows the calculations used to estimate the maximum affordable sales prices and monthly PITI payments for prospective buyers in the Keystone Central School District.

**Figure 7-31**  
**Maximum Affordable Sales Price in the Keystone Central SD**

School District	Area Median Income	Monthly Mortgage Payment					Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Other Debt Service	
Keystone Central	\$66,300	\$870	\$375	\$80	\$1,325	\$500	\$180,000

Sources: U.S. Census Bureau; Demographics Now; Centre County Tax Assessment Office, Mullin and Lonergan Associates Calculations

According to 2010 MLS data, there were 11 units that sold for \$180,000 or less, equivalent to 87% of the 38 total sales transactions in the Keystone Central School District as reported by the Centre County Association of Realtors. Using the 40% benchmark, the Keystone Central School District is considered to be an inherently affordable housing market.

The following figure shows the housing sales transactions affordable to households earning between 60% and 80% of median income.

**Figure 7-32**  
**Maximum Affordable Sales Prices at 60% - 80% AMI**

Keystone Central School District: Transactions Affordable Between 60% - 80% Area Median Income			
School District	Area Median Income	60%-80% AMI	Affordable Sales Price Range
Keystone Central	\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

In 2010, the average sales price in the Keystone Central School District was \$119,863. The affordable sales price range is 62% to 105% of the current average sales price. According to the 2010 MLS data for the Keystone Central School District, 30 units, or 79% of the total transactions sold at values of \$139,999 or less, the closest MLS data range available.

The following figure shows the housing sales transactions affordable to households earning between 80% and 120% of the median income.

**Figure 7-33**  
**Maximum Affordable Sales Prices at 80% - 120% AMI**

Keystone Central School District: Transactions Affordable Between 80% - 120% Area Median Income			
School District	Area Median Income	80%-120% AMI	Affordable Sales Price Range
Keystone Central	\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

These households have a greater opportunity to purchase housing in the current market given the average sales price of \$119,863. The affordable sales range for those at 80% to 120% of median income ranges from 105% to 193% of the current average sales price. According to the MLS data for the Keystone Central School District, all but two of the total home sales (or 36 transactions) were affordable to households with incomes between 80% and 120% of median income.

## v. Philipsburg-Osceola School District

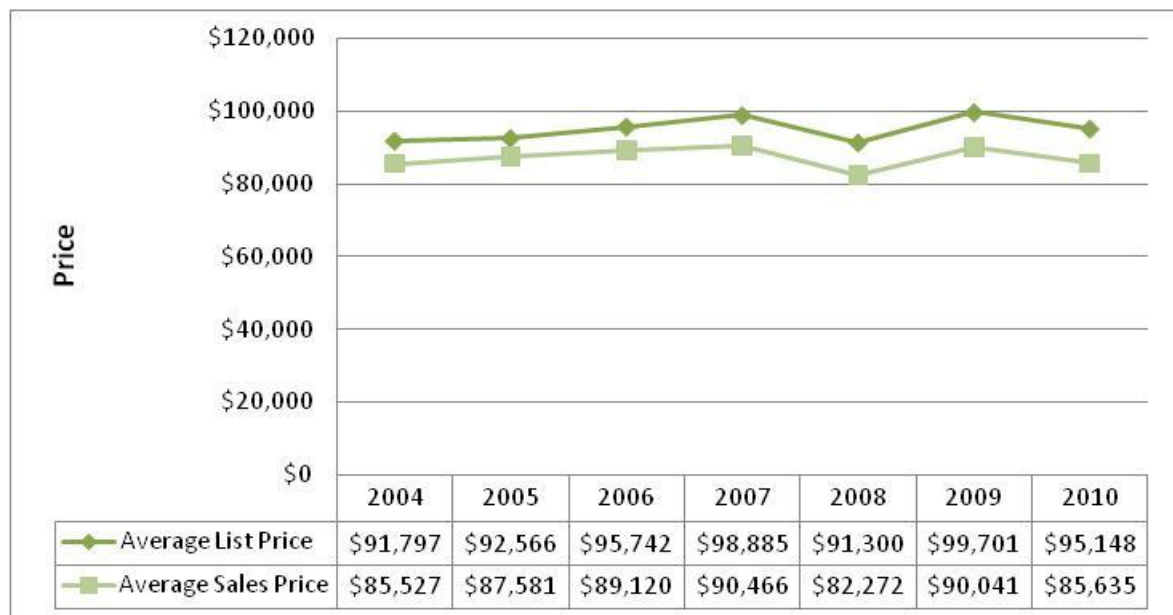
The Philipsburg-Osceola School District is located in the western region of Centre County, and includes Rush Township and Philipsburg Borough. The Philipsburg-Osceola School District is considered to be part of the Moshannon Valley Region. There has been a slight increase in population in this area. Proposed transportation improvements are expected to make the area more accessible. Currently, this area is predominantly rural, with smaller communities and longer travel distances between residential areas and employment centers.



*2010 Housing Summary*  
*Average Sales Price: \$85,635*  
*Number of Sales: 77*  
*Average Days on Market: 161*

MLS data was reviewed to determine the housing sales trends in the Philipsburg-Osceola School District. Housing sales in the Philipsburg-Osceola School district were the second lowest amongst the Centre County school districts.

**Figure 7-34**  
**Philipsburg-Osceola School District Sales and List Price Trends, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

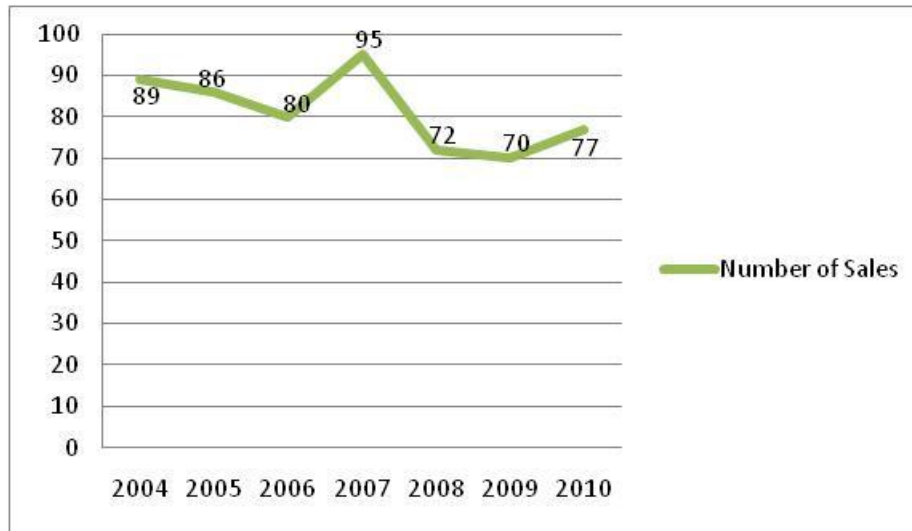
**The impact of the recession on the housing market in the Philipsburg-Osceola School District was slight from 2007 to 2008.**  
During the period 2004 to 2007, the average sales price rose 5.5%

before dropping 10% between 2007 and 2008. Between 2009 and 2010, the average sales price increased 3.9%, returning closer to pre-recession levels.

Since 2004, the difference between the average list price and the median sales price has varied from over 7% in 2004 to over 11% in 2010, reflecting the sluggish nature of the Philipsburg-Osceola School District housing market.

**The impact of the recession can also be seen in the drop in the number of sales.** After reaching a peak of 95 sales transactions in 2007, the sales volume declined to 72 sales transactions in 2008, staying within the 72-77 range through 2010.

**Figure 7-35**  
**Philipsburg-Osceola School District Total Home Sales Transactions, 2004 –2010**

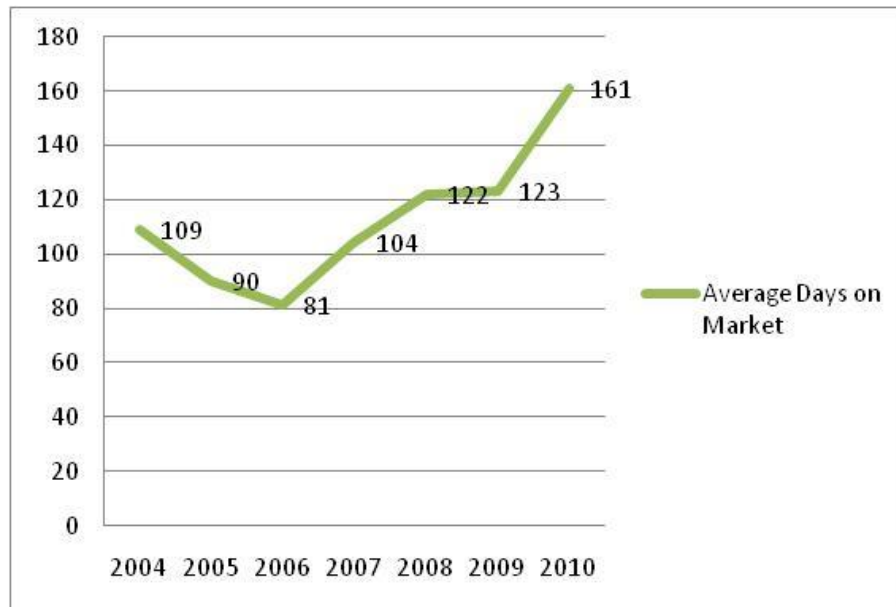


Source: Centre County Association of Realtors MLS Data

**The average days on market doubled from 2006 to 2009.** In 2004, a home in the Philipsburg-Osceola School District remained on the market for an average of 109 days. By 2010 the average days on market had increased to 161 days. The Philipsburg-Osceola School District had the highest average days on market of all of the school districts in 2010.



**Figure 7-36**  
**Philipsburg-Osceola School District Average Days on Market, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

The data on sales, price trends and the average days on market suggests that a buyer's market exists in the Philipsburg-Osceola School District real estate market. The following figure shows the calculations used to estimate the *maximum* affordable sales prices and monthly PITI payments for prospective buyers in the Philipsburg-Osceola School District.

**Figure 7-37**  
**Maximum Affordable Sales Price in the Philipsburg-Osceola SD**

School District	Area Median Income	Monthly Mortgage Payment					Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Other Debt Service	
Philipsburg - Osceola	\$66,300	\$821	\$425	\$80	\$1,326	\$500	\$170,000

Sources: U.S. Census Bureau; Demographics Now; Centre County Tax Assessment Office, Mullin and Lonergan Associates Calculations

According to 2010 MLS data, there were 74 units that sold for \$170,000 or less, equivalent to 96% of the 77 total sales transactions for 2010 in Philipsburg-Osceola as reported by the Centre County Association of Realtors. Using the 40% benchmark, the Philipsburg-Osceola School District is considered to be an inherently affordable housing market in Centre County.

The following figure depicts the housing sales transactions affordable to households earning between 60% and 80% of median income.

**Figure 7-38**  
**Maximum Affordable Sales Prices at 60% - 80% AMI**

Philipsburg - Osceola School District: Transactions Affordable Between 60% - 80% Area Median Income			
School District	Area Median Income	60%-80% AMI	Affordable Sales Price Range
Philipsburg - Osceola	\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

In 2010, the average sales price in the Philipsburg-Osceola School District was \$85,635. The affordable sales price range is 86% to 148% of the current average sales price. According to the 2010 MLS data for the Philipsburg-Osceola School District, 69 units sold at values of \$139,999 or less, the closest MLS sales value range available.

The following figure shows the housing sales transactions affordable to households earning between 80% and 120% of median income.

**Figure 7-39**  
**Maximum Affordable Sales Prices at 80% - 120% AMI**

Philipsburg - Osceola School District: Transactions Affordable Between 80% - 120% Area Median Income			
School District	Area Median Income	80%-120% AMI	Affordable Sales Price Range
Philipsburg - Osceola	\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

These households have a greater opportunity to purchase housing in the current market given the average sales price of \$85,635. The affordable sales range for those at 80% to 120% of median income ranges from 148% to 270% of the current average sales price. According to the MLS data for the Philipsburg-Osceola School District, all but one of the total home sales or 76 transactions were affordable to households with incomes between 80% and 120% of median income.

# vi. State College School District

The State College School district is located in the south central region of Centre County, and includes the townships of Halfmoon, Ferguson, Harris, College, and Patton. In addition, this region includes the Borough of State College. This area is often referred to as the “Centre Region.” According to the Centre County Planning and Community Development

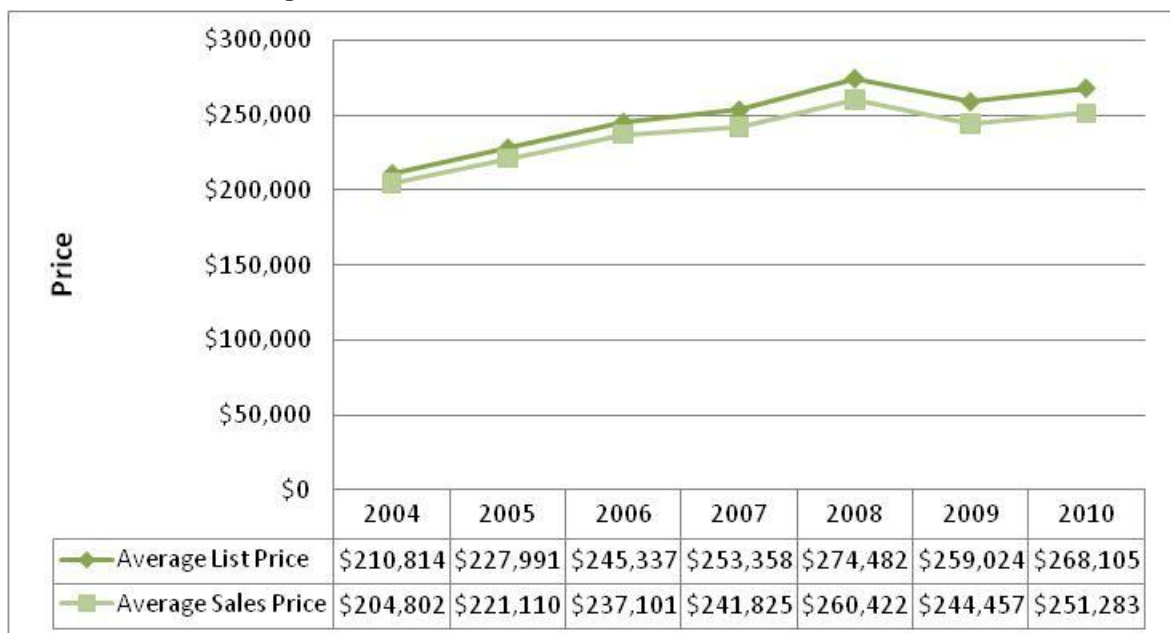
Office, the Centre Region is forecasted to maintain one of the highest growth levels in the county for the foreseeable future.

The core area of State College Borough is largely built-out with the University and commercial establishments forming the nucleus of the region with a variety of housing in the geographic area surrounding the core.

MLS data was reviewed to determine housing sales trends in the State College School District. Housing sales values in the State College School District were the highest of all Centre County school districts.



**Figure 7-40**  
**State College School District Sales and List Price Trends, 2004 –2010**



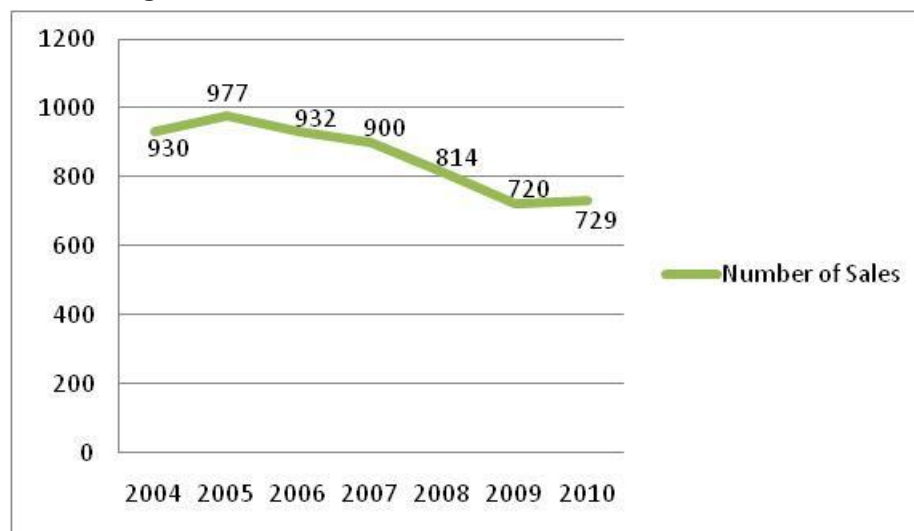
Source: Centre County Association of Realtors MLS Data

**The housing market in the State College School District was strong from 2004 to 2008 and the impact of the recession appeared to be relatively minor.** Average sales prices rose over 21.4% between 2004 and 2008, before dropping just 6.5% between 2008 and 2009. The housing market in the State College School District recovered quickly the following year, rising 2.7% in 2010.

Since 2004, the difference between the average list price and the median sales price remained within the 4% to 6% range, reflecting a healthy housing market. In 2004, the range was less than 3%, reflecting strong housing demand and the ability of the market to command higher prices.

**The impact of the recession can be seen in the drop in the number of sales.** While sales prices and price trends remained relatively healthy, the volume of sales reached a peak in 2005 before declining 34% from 2005 to 2010.

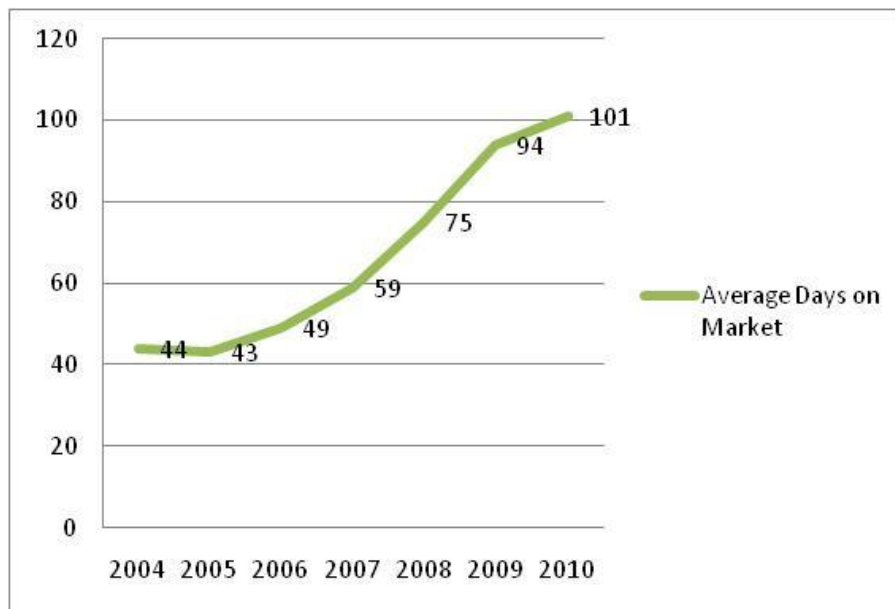
**Figure 7-41**  
**State College School District Total Home Sales Transactions, 2004 – 2010**



Source: Centre County Association of Realtors MLS Data

**The average days on market doubled from 2006 to 2009.** In 2004, a home in the State College School District remained on the market for an average of 44 days. By 2010 the average days on market had more than doubled to 101 days. The average days on market is comparable to the Bald Eagle School District.

**Figure 7-42**  
**State College School District Average Days on Market, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

The data on sales, price trends and the average days on market suggest that while the State College School District felt the negative impact of the recession and the decline in the housing market, the trend overall appears to show a resilient market. The following figure shows the calculations used to estimate the *maximum* affordable sales prices and monthly PITI payments for prospective buyers in the State College School District.

**Figure 7-43**  
**Maximum Affordable Sales Prices/PITI Payments in the State College SD**

School District	Area Median Income	Monthly Mortgage Payment					Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Other Debt Service	
State College	\$66,300	\$874	\$374	\$80	\$1,328	\$500	\$181,000

Source: DemographicsNow, 2000 Census, Centre County Tax Office; Calculations by Mullin & Lonergan Associates, Inc.

According to 2010 MLS data, there were 225 units that sold for \$181,000 or less, equivalent to 31% of the 729 total sales transactions in State College as reported by the Centre County Association of Realtors. Using the 40% benchmark, the State College School District is the only inherently unaffordable housing market in Centre County.

The following figure shows the housing sales transactions affordable to households earning between 60% and 80% of median income.

**Figure 7-44**  
**Maximum Affordable Sales Prices at 60% - 80% AMI**

State College School District: Transactions Affordable Between 60% - 80% Area Median Income			
School District	Area Median Income	60%-80% AMI	Affordable Sales Price Range
State College	\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

In 2010, the average sales price in the State College School District was \$251,283. The affordable sales price range is only 29% to 51% of the current average sales price. According to the 2010 MLS data for the State College School District there were only five units that sold at values of \$139,999 or less, the closest MLS sales value range available.

The following figure shows the housing sales transactions affordable to households earning between 80% and 120% of the median income.

**Figure 7-45**  
**Maximum Affordable Sales Prices at 80% - 120% AMI**

State College School District: Transactions Affordable Between 80% - 120% Area Median Income			
School District	Area Median Income	80%-120% AMI	Affordable Sales Price Range
State College	\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

These households have slightly more opportunity to purchase housing in the current market given the average sales price of \$252,283. The affordable sales range for those at 80% to 120% of median income ranges from 29% to 92% of the current average sales price. According to the MLS data for the State College School District, 61% of the total home sales or 443 transactions were affordable to households with incomes between 80% and 120% of median income.

## vii. Tyrone School District

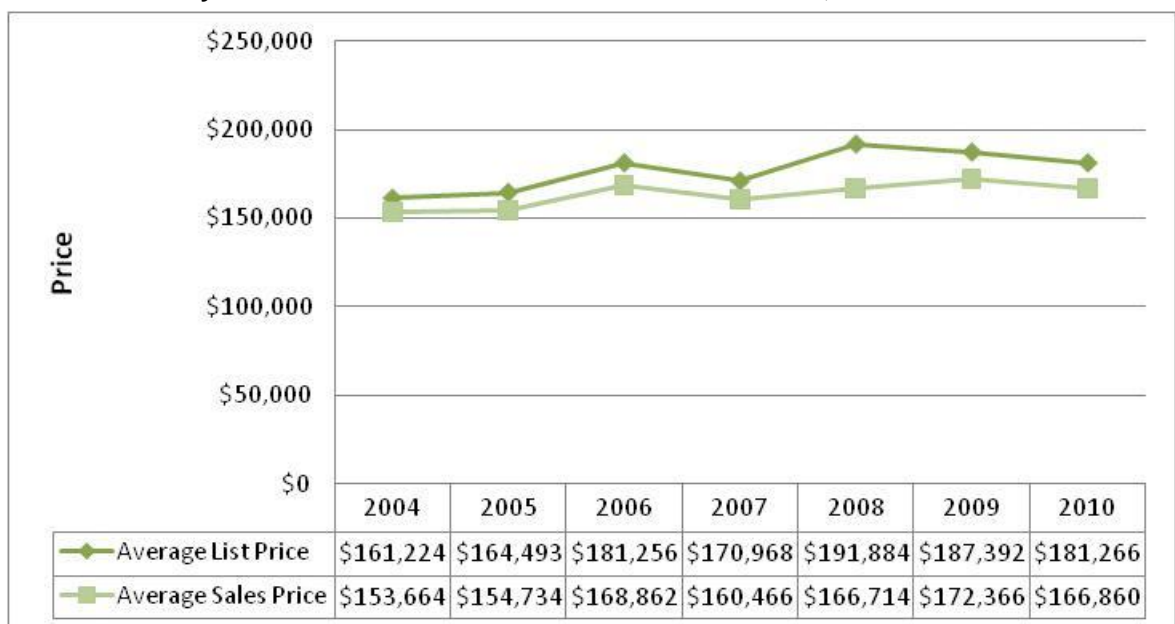
The Tyrone School district is located in the southwestern region of Centre County, and includes Taylor Township. This area is part of the Upper Bald Eagle Region. There is a considerable number of mobile homes in this school district.

MLS data was reviewed to determine housing sales trends in the Tyrone School District. Housing sales values in the Tyrone School district were among the lowest of all Centre County school districts.



*2010 Housing Summary*  
Average Sales Price: \$166,860  
Number of Sales: 32  
Average Days on Market: 130

**Figure 7-46**  
**Tyrone School District Sales and List Price Trends, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

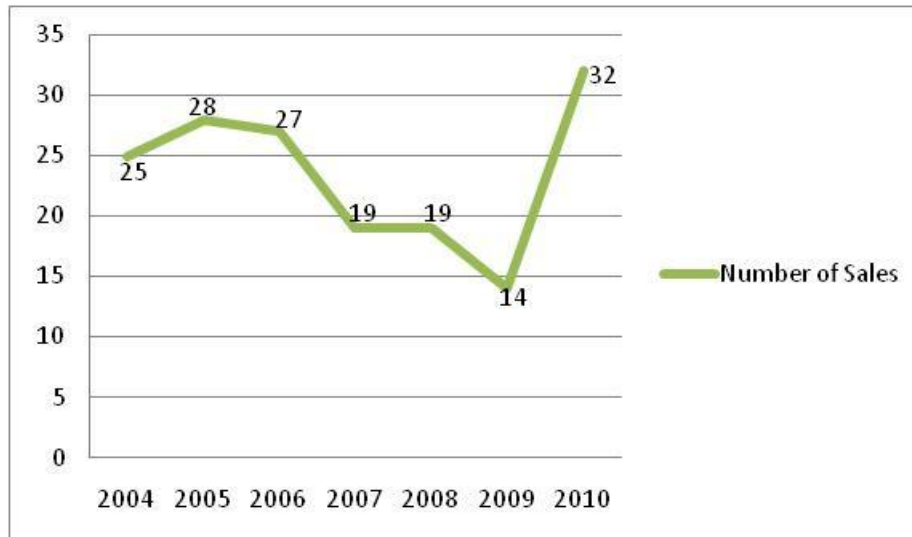
**The housing market in the Tyrone School District added value from 2004 to 2006 and the impact of the recession appeared to be relatively minor.** Average sales prices rose 9% between 2004 and 2006 before dropping just 5.2% between 2006 and 2007. The Tyrone School District was one of only three school districts in Centre County that experienced an increase in the average sales price between 2008 and 2009, during the depths of the housing market contraction and

recession. The two other school districts were Bellefonte and Keystone Central. The Tyrone School District experienced a drop in the average sales price of 3.3% between 2009 and 2010.

Since 2004, the difference between the average list price and the median sales price has varied significantly, from 4.4% in 2004 to 15.1% in 2008. The range returned to a historically normal average of 8.6% in 2010.

**The impact of the recession can be seen in the reduction in the sales volume.** While sales prices remained relatively healthy within a narrow range, the number of sales reached a peak in 2005 before declining slightly from 2006 to 2007, and 2008. Notably, the number of home sales transactions increased almost 2.5 times from 2009 to 2010.

**Figure 7-47**  
**Tyrone School District Sales Transactions, 2004 – 2010**

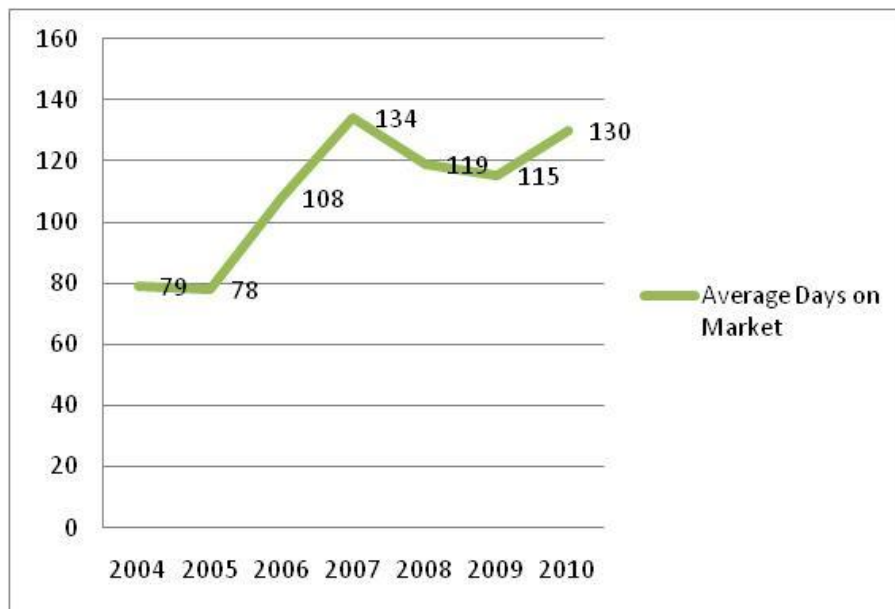


Source: Centre County Association of Realtors MLS Data

**The average days on market doubled from 2005 to 2007.** In 2004, a home in the Tyrone School District remained on the market for an average of 79 days. By 2007 the average days on market had more than doubled to 134 days. Notably, the average days on market declined slightly from 2007 to 2009, when most other housing markets were experiencing longer sales periods. Since 2009, there has been a slight increase in the average days on market.



**Figure 7-48**  
**Tyrone School District Average Days on Market, 2004 –2010**



Source: Centre County Association of Realtors MLS Data

The data on sales, price trends and the average days on market suggest that a buyer's market exists in the Tyrone School District real estate market. The following figure shows the calculations used to estimate the *maximum* affordable sales prices and monthly PITI payments for prospective buyers in the Tyrone School District.

**Figure 7-49**  
**Maximum Affordable Sales Price in the Tyrone SD**

School District	Area Median Income	Monthly Mortgage Payment					Maximum Affordable Purchase Price
		Mortgage Principal & Interest	Real Estate Taxes	Homeowner's Insurance & PMI	Total PITI Payment	Other Debt Service	
Tyrone	\$66,300	\$976	\$276	\$80	\$1,332	\$500	\$202,000

Source: DemographicsNow, 2000 Census, Centre County Association of Realtors, Centre County Tax Office, Calculations by Mullin & Lonergan Associates, Inc.

According to 2010 MLS data, there were 23 units that sold for \$202,000 or less, equivalent to 72% of the 32 total sales transactions in Tyrone as reported by the Centre County Association of Realtors. Using the 40% benchmark, the Tyrone School District is considered an inherently affordable housing market.

The following figure shows the housing sales transactions affordable to households earning between 60% and 80% of median income.

**Figure 7-50**  
**Maximum Affordable Sales Prices at 60% - 80% AMI**

Tyrone School District: Transactions Affordable Between 60% - 80% Area Median Income			
School District	Area Median Income	60%-80% AMI	Affordable Sales Price Range
Tyrone	\$66,300	\$39,789 - \$53,040	\$74,000 - \$127,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

In 2010, the average sales price in the Tyrone School District was \$166,860. The affordable sales price range is 44% to 76% of the current average sales price. According to the 2010 MLS data for the Tyrone School District, 13 units sold at values of \$139,999 or less, the closest MLS sales value range available.

The following figure shows the housing sales transactions affordable to households earning between 80% and 120% of the median income.

**Figure 7-51**  
**Maximum Affordable Sales Prices at 80% - 120% AMI**

Tyrone School District: Transactions Affordable Between 80% - 120% Area Median Income			
School District	Area Median Income	80%-120% AMI	Affordable Sales Price Range
Tyrone	\$66,300	\$53,040 - \$79,560	\$127,000 - \$232,000

Sources: U.S. Census Bureau; Demographics Now, Mullin and Lonergan Associates Calculations

These households have a greater opportunity to purchase housing in the current market given the average sales price of \$166,860. The affordable sales range for those at 80% to 120% of median income ranges from 76% to 139% of the current average sales price. According to the MLS data for the Tyrone School District, all but four of the total home sales or 28 transactions were affordable to households with incomes between 80% and 120% of median income.

## 8. ANALYSIS OF INCENTIVES FOR AFFORDABLE SALES HOUSING

### A. Inclusionary Housing Ordinances in Centre County

One of the most useful and successful tools for creating affordable housing opportunities in higher-growth, high-cost areas is inclusionary zoning. Inclusionary zoning creates a specified number or percentage of new housing units in a development that are set-aside for moderately priced homes. Inclusionary zoning is a “carrot and stick” approach to expanding affordable housing. In Centre County, eight local units of government, most of which are located in the Centre Region, have been proactively addressing the need for affordable housing through the provision of inclusionary zoning incentives.

Centre County recently developed a number of useful tools to encourage municipalities to consider inclusionary zoning. One publication, *Inclusionary Housing: Model Policies for Centre County*, developed by the Centre County Housing Cabinet, outlines model inclusionary zoning provisions that local governments in Centre County may use as a guide when considering inclusionary housing legislation. Each community is responsible for developing its own inclusionary zoning incentives.

Inclusionary ordinances vary in Centre County but are generally established to provide incentives to developers in exchange for the provision of a percentage of housing units to be set-aside for households with incomes up to 120% of the area median income. For an inclusionary ordinance to be effective there must be specific incentives offered by the municipality in exchange for specific measures to be undertaken by a developer.

In exchange for providing the required set-asides, a developer may be awarded one or more of the following incentives:

- Planning fee waivers or reductions
- Reducing standards for lots, streets, sidewalks, and open requirements
- Streamlining and priority processing
- Density bonuses, and/or
- Local funding to assist with the construction of the housing units made affordable to households at or below 80% of the area median income (up to 120% in Spring Township).

A key component to a successful inclusionary ordinance is the ability to make the affordable housing units visually indistinguishable from the market rate units. A casual observer should not be able to discern any exterior difference between a market rate unit and an affordable rate unit. A certain degree of cost savings may be achieved on less luxurious interior finishes (e.g., laminate instead of marble countertops, linoleum instead of

stone tile or hardwood flooring, etc.) rendering the affordable units less expensive.

Finally, inclusionary zoning could be used to address a common objection to affordable housing—that there is too much of it concentrated in a few areas.

Although inclusionary zoning is not explicitly authorized in the Pennsylvania Municipalities Planning Code (MPC), Section 603(c) states that zoning ordinances “may contain ...such other provisions as may be necessary to implement the purposes of the act” and “provisions to encourage innovation and to promote flexibility, economy and ingenuity in development, including subdivisions and land development as defined in this act.” In addition, Section 105 of the MPC states that the intent is to “guide uses of land and structures....and to permit municipalities to minimize such problems as may presently exist or which may be foreseen....”

There are six townships and one borough in Centre County that currently offer inclusionary zoning provisions. Halfmoon Township is reviewing its proposed inclusionary zoning ordinances for possible approval.

The table on the following page provides a summary of the various elements of each inclusionary zoning ordinance either currently in place or under consideration in Centre County, including a summary of the developer incentives offered. Following the summary table is a brief analysis of the seven ordinances. It should be noted that the inclusionary zoning ordinances are evolving and may differ from the description provided in this report.

*Centre County Housing and Land Trust  
Housing Market Study*

Community	Number of Units	Income Target	Affordability Period	In-Lieu-Fee Payment. Off-Site Development	Density Bonus	District(s) Permitted	Other Developer Incentives
WFH=Workforce Housing DU=Dwelling Unit							
<b>MANDATORY</b>							
Ferguson Township	10%	80% to 120% Median Household Income (MHI)			For WFH units provided over 10% of total units: Design incentive-2 DUs may be placed on lots of between 15,000 and 20,000 sq.ft. Both WFH and larger lots must be integrated within the community.	Traditional Town Development District (TTD)	
Spring Township*	5%	60% to 120% Area Median Income; half of units shall fall within 60%-90% range and half within the 91%-120%	40 years		3.5 DUs per acre (an increase of .5 units per acre over standard TND); 5% of the DUs must be WFH	Suburban Residential District (R-1), Agricultural Development District (A-2); Traditional Neighborhood Design (TND) Option	Reduction of minimum width requirements from 80 ft. to 70 ft. and rear yard setbacks from 30 ft. to 20 ft. (for single-family homes only)
State College Borough	10%	60% to 120% AMI	99 years	Yes-both included	Developer has an option to add 1 additional equivalent DUs for every inclusionary unit.	Residence Districts (R-1,R-2,R-3,R-3B,R-4), Historic District (R-3H),Residential-Office Districts (R-O,R-OA), University Planned District (UPD), Urban Village District (UV),Planned Commercial Districts (CP-1,CP-2), General Commercial District (C), and Commercial Incentive District (CID)	Land may be donated to the borough. The land must be equal to or greater than the value of fee-in-lieu of payment.
<b>VOLUNTARY</b>							
College Township	No minimum	80% to 100% AMI	Based on a legally-binding agreement recorded at the Centre County Recorder of Deeds with either the Township or its designee.		a) For every 2 WFH units with incomes >80% of AMI, 1 market-rate housing unit; For every 1 WFH unit for incomes <80% of AMI, 1 market-rate housing unit b) For every 5 WFH units with incomes >80% of AMI, 1 market-rate housing unit may be provided in a housing type other than single-family; For every 5 WFH units for incomes <80% of AMI, 2 market rate housing units may be provided in a housing type other than single-family housing	Single-Family Residential District (R-1), Two-Family Residential District (R-2), Village Center District (V), Residential-Office District (R-O)	Discount or deferral of municipal fees associated with the subdivision/land development process

\* Spring Township's Zoning Ordinance includes mandatory and voluntary provisions.

*Centre County Housing and Land Trust  
Housing Market Study*

Community	Number of Units	Income Target	Affordability Period	In-Lieu-Fee Payment. Off-Site Development	Density Bonus	District(s) Permitted	Other Developer Incentives
<b>VOLUNTARY (continued)</b>							
Gregg Township	No minimum	Maximum of 120% AMI	Draft Policies and Procedures Manual includes an affordability period in perpetuity.	Off-site development provided	For each affordable DU, 1 additional building lot or DU shall be permitted, up to a maximum 15 % increase in DUs.	Residential District (R) and Agricultural District (A): Conservation Design Overlay District	
Harris Township	No minimum	60% to 100% AMI	To remain affordable in perpetuity for persons earning 60% to 100% AMI (as adjusted)		Parcels >30 acres zoned Agricultural within the Sewer Service Area: percentage of WFH required proportional to the percentage of open space provided. 40% open space would permit 10% WFH units; 30% open space would permit 15% WFH units	Agriculture District (A)	
Patton Township	No minimum	Maximum of 120% AMI	In agreement with the community land trust (time period undefined)		Reduction in area and bulk regulations: For single-family and duplex units a reduction from 5,000 sq. ft. per unit to 4,000 sq. ft. per unit. For multi-family units (townhouses and apartments) no less than 3,500 sq.ft.	Commercial Transitional District (C-T): Minimum tract size 10 acres (Conditional Use)	Commercial portion: an additional 1% of impervious surface may be used with the donation of any additional 5,000 sq. ft. of land for affordable housing.
Spring Township	10%	60% to 120% AMI	40 years		Apartment buildings can be provided with an additional 5% of the total planning housing units. Building height may increase to 40 ft. (from 35 ft.)	Traditional Neighborhood Design (TND) in the Agricultural Development District (A-2). Minimum 150 acres	
<b>DRAFT (Mandatory)</b>							
Halfmoon Township	5%	60% to 120% AMI	45 years			Rural Village District (RVD)	

**i. College Township**

College Township, located northeast of State College Borough, offers four types of incentives for the development of affordable sales housing in its voluntary ordinance:

- Reduced lot requirements
- Reduced sidewalk requirements
- Waiver on parkland requirements
- Density bonus.

College Township's zoning ordinance, approved in 2009, is designed to encourage developers to be creative in providing workforce housing in the township. The ordinance is primarily focused on proposed single-family, owner-occupied developments. The workforce housing provisions encourage units in the following zoning districts: Single-Family Residential District (R-1), Two-Family Residential District (R-2), Village Center District (V), and Residential-Office District (R-O). No minimum number of workforce housing units is required. For every two workforce housing units provided for households with incomes above 80% of AMI, one additional market-rate housing unit is permitted. For every one workforce housing unit provided for households with incomes below 80% of AMI, one additional market-rate housing unit is allowed.

The ordinance's language reduces lot requirements to encourage compact, sustainable developments. The minimum lot size and lot widths of market-rate housing may be reduced to the standard for workforce housing. The current permitted minimum lot size varies from 7,000 square feet to 10,000 square feet, depending on the district. This is reduced to 5,000 square feet with the inclusion of workforce housing. In addition, minimum lot widths, which currently range from 50 to 80 feet, are reduced to 40 feet. For maximum lot coverage, the coverage is increased from 40% to 45% or 55%. Front setbacks are reduced from 20 feet to 10 feet, and side yard setbacks are reduced from 10 feet to seven feet. These reductions in lot requirements are meant to provide a positive benefit to developers to encourage the creation of workforce housing in more compact developments.

The goal of the township has been to provide workforce housing units in single-family homes. Notably, however, the township has been exploring additional incentives to encourage workforce housing involving a range of housing options. For instance, the minimum lot size and lot width for duplexes have been increased to 10,000 square feet and 80 feet, respectively.

Since the workforce housing ordinance was passed in 2009, no new residential development has occurred in the township. This makes it difficult to gauge the feasibility of the ordinance to encourage the development of workforce housing units. According to the township,

discussions with developers have indicated that once the housing market begins to improve, the inclusionary zoning provisions may play a role in increasing the number of workforce housing units. In addition, the township is looking at the potential for incorporating inclusionary zoning provisions to encourage the development of workforce rental housing and workforce units in Planned Residential Developments (PRDs).

**ii. Ferguson Township**

Ferguson Township is located southwest of State College Borough. The township permits workforce housing in its Traditional Town Development (TTD) zoning district. According to the township's web site, the intent of these regulations is to "sanction, promote, and facilitate the development of fully integrated, mixed use, pedestrian oriented neighborhoods in areas of the township that are most appropriate for this type or style of development. The basis for such design influence is the desire to minimize traffic congestion, suburban sprawl, and environmental degradation." The township's inclusionary zoning provisions are mandatory and have been part of the overall zoning ordinance since 2007.

The township's ordinance requires that 10% of the units in each proposed residential development be set-aside for workforce housing. No development incentives are provided until the 10% minimum is met. At that point, the township then allows the developer to build additional market-rate units on smaller lots. The current minimum lot requirement is 12,000 square feet per unit. If the developer provides workforce housing units in excess of the 10% minimum, then an additional two market-rate units can be placed on lots between 15,000 and 20,000 square feet, or an average of 7,500 to 10,000 square feet per unit. In addition, the township has outlined development standards to ensure that the workforce units are indistinguishable from the market-rate units and to discourage the clustering of all workforce units in one area of the development.

**iii. Gregg Township**

Gregg Township is located northeast of State College Borough in the Penns Valley Region. Although the township is predominantly rural, it has been very pro-active in developing affordable housing incentives. The township currently has a Conservation Design Overlay District for the R (Residential) and A (Agricultural) districts. A density increase is permitted where the subdivision proposal provides on-site or off-site housing opportunities for low and moderate income households.

When an off-site housing provision is proposed, the developer must provide evidence that these units will be constructed by a certain date. The maximum density permitted is based on the following standard: for each affordable housing unit provided, one additional building lot



or dwelling unit shall be permitted up to a 15% total increase in dwelling units.

**iv. Harris Township**

Harris Township is located southeast of State College Borough in the Centre Region. Harris Township has developed a Workforce Housing Policies and Procedures Manual to provide a clear framework for developers who are considering developing residential units in the township and may be interested in workforce housing incentives. According to the manual, the Harris Township Board of Supervisors recognized that market conditions in the Centre Region have made it difficult for many prospective residents to become homeowners, including young professionals, new households and workers who provide essential services to the community. The goal of this initiative is to “increase the stock of workforce housing units in Harris Township in order that...residents can live in close proximity to employment centers, daily service needs, schools and public transportation.”

Harris Township’s ordinance provides voluntary incentives for workforce housing in the Agricultural District for parcels of 30 acres or more. In addition, the ordinance outlines an “Open Space-Rural Clustering” requirement to conserve open space in rural areas. This requirement states that a reduction in the required 50% open space provision is allowed in exchange for constructing workforce housing units at the following ratios:

- If 10% of workforce housing units are constructed, then a minimum of 40% open space is required
- If 15% of workforce housing units are constructed, then a minimum of 30% open space is required

The total number of dwelling units which may be placed on the tract is based on (a) the sewage disposal capacity of the developable portion of the tract, and (b) the extent and locations of environmentally sensitive areas such as steep slopes, wetlands, and floodplains.

In addition, the zoning ordinance names CCHLT as an affordable housing stakeholder. The ordinance states in part that “the Housing Development Plan shall be prepared in consultation with the Centre County Housing & Land Trust, or other non-profit housing agency designated by the Township, and approved by the Board of Supervisors as a condition of plan approval.”

**v. Patton Township**

Patton Township is located northwest of State College Borough in the Centre Region. The township’s conditional use ordinance provides for voluntary incentives in the Commercial-Transitional Zoning District (C-T) with a minimum of 10 acres. The intent of the ordinance is to offer a mechanism to address the township’s need for housing that is affordable to households with incomes up to 120% of the Centre

County annual median income through the aid of private sector development. The ordinance was adopted in 2007.

Within the C-T district, there are a couple of incentives meant to encourage the development of affordable housing. Developers may offer a minimum donation of 16% of the total tract area to a community land trust for development as affordable housing. In other words, the provisions of this ordinance allow for a contribution of land to a CLT, which could develop affordable units on the parcel.

In addition, the township provides for a reduction in lot requirements. Currently, single-family and duplex units require a minimum of a 15,000 square foot lot or 5,000 square feet per unit, whichever is greater. With the affordable housing provisions, the minimum lot requirements are reduced. For single-family and duplex units, the lot size is reduced to 4,000 square feet per unit and the average lot size cannot exceed 6,000 square feet per unit. For multi-family (townhouses and apartments) units, the minimum requirement is 3,500 square feet with a maximum of 5,000 square feet per dwelling unit.

One unique incentive offered that is potentially of great benefit to prospective developers is the increase in the maximum impervious surface area. This allows developers to use more land for actual development.

**vi. Spring Township**

Spring Township is located northeast of State College near Bellefonte Borough. The township has a combination of voluntary and mandatory inclusionary zoning regulations that were approved by the township in 2007. The zoning ordinance provides options within the Suburban Residential District (R-1) and the Agricultural Development District (A-2). Within the R-1 district, a Traditional Neighborhood Development (TND) option is included as one of the options to provide a density bonus that allows the developer to build workforce housing. Within the A-2 district, a TND district is provided as a conditional use that provides the right to build apartments at a greater building height.

Under the TND Option in the R-1 District, the developer shall make provisions to accommodate workforce housing. The maximum number of units per acre would increase from 3 to 3.5 and require a minimum of 5% of the total units developed are designated workforce housing units. In addition, the minimum building width at the building setback line can be reduced from 80 square feet to 70 square feet, and the rear yard setback requirements can be reduced from 30 feet to 20 feet. All of the other lot requirements remain the same.

The other option that is available is the use of the TND in the A-2 district. The minimum site requirement is 150 acres. The intent of this conditional use is to encourage good design, provide for additional workforce housing and provide an increase in building height.

Building height can increase from 35 to 40 feet if an additional 5% of the total units are workforce units, for a total of 10% workforce housing in the building.

Similar to other townships in Centre County that have some form of inclusionary zoning, Spring Township has experienced little new housing development since the inclusionary zoning was approved in 2007. Additionally, there have been no developers which have taken advantage of inclusionary provisions to develop affordable housing.

**vii. State College Borough**

State College Borough has drafted inclusionary zoning provisions that are currently under review. State College Borough has the highest housing costs in the county and affordability has been an ongoing challenge. The draft ordinance contains a 10% set-aside for developments that contain six or more units. A reduction in lot size of 25% is provided for one-and two-family units. One of the issues raised by borough staff is the desire for continued regional discussion concerning affordable housing as well as a model regional inclusionary zoning ordinance. In addition, a pilot project has been discussed by borough council to test the feasibility of offering a combination of inclusionary zoning provisions, financial support, and federal resources to develop affordable housing. The draft ordinance also includes a provision for a fee in-lieu of constructing some or all of the required minimum number of inclusionary housing units, in addition to a provision for off-site development. The draft inclusionary zoning ordinance may go to council by late summer for review.

**viii. Halfmoon Township (draft)**

Halfmoon Township, located west of State College Borough, has been exploring the creation of a Rural Village District (RVD) that would allow for mixed-use developments.

The proposed ordinance would require that developments with six or more residential units contain 5% workforce housing, with a maximum of 10% for the entire RVD district. Priority is given to households earning less than 80% of the AMI.

**B. Observations on Current and Proposed Ordinances**

The following is a summary of observations of the current and draft ordinances with suggested improvements to enhance affordable housing production. It should be noted that many of the ordinances have just recently been enacted within the last few years, and with the recent recession, the ability to test the various inclusionary zoning policies for effectiveness has been hampered.

1. College Township

The township's voluntary inclusionary zoning ordinance encompasses many key components, including reduced lot and sidewalk requirements, a waiver on parkland requirements, and clearly defined density bonus standards. The township should specify a percentage of workforce housing units required per development. In addition, an affordability period of 99 years should be specified to maintain the affordability of the housing unit. The township should also permit in-lieu-fee payments and off-site development.

2. Ferguson Township

The township has limited workforce housing to its Traditional Town Development (TTD) zoning district. The township should consider inclusionary zoning in other residential districts in the township, where appropriate. In addition, no provision currently exists to ensure the ongoing affordability of the units. An affordability period of 99 years should be specified to maintain the affordability of future units.

3. Gregg Township

A density increase is currently permitted in the township's Conservation Overlay district SALDO, but no other incentives exist to entice a developer to locate workforce housing in the township. The township should also permit in-lieu-fee payments. In addition, no provision currently exists to ensure the ongoing affordability of the units.

3. Harris Township

No provision is made for a open space reduction for 30 acres or less. This higher threshold may be causing the township to miss affordable housing opportunities on smaller development sites of 10-30 acres. A "sliding scale" requirement may be appropriate. For example, on a 10-acre site, the minimum ratio of workforce units might be 1:5. For sites between 10 and 12 acres, the ratio could increase to 1:4, and so on. In addition, the inclusionary provision only applies to the Agricultural district. The provision should be expanded to include the residential districts in the township.

#### 4. Patton Township

A provision is made for a donation of 16% of the tract area within the Commercial-Transitional District to a community land trust for development of affordable housing. The minimum tract size is 10 acres. A minimum number or percentage of affordable units should be specified. A minimum ratio of 1:10 workforce housing units to market rate units should be implemented. An affordability period of 99 years should be specified to maintain the affordability of future units. The township should consider inclusionary zoning in other residential districts in the township, where appropriate.

#### 5. Spring Township

The density bonus should be adjusted to provide more workforce housing. The percentage may be adjusted based on how successful the first workforce housing project is in the township. The workforce housing option should be expanded to include other residential districts in the township. The 40 year affordability period should be expanded to 99 years in to maintain the affordability of future units.

#### 6. State College Borough

The State College Borough inclusionary zoning ordinance appears to be comprehensive, including a 99 year period of affordability, a minimum number of workforce housing units is specified, and options are provided for fee in-lieu of provision in addition to an off-site housing development option.

#### 6. Halfmoon Township (draft)

The draft ordinance provisions should include the residential districts in the township. In addition, the affordability provision should be expanded beyond 45 years to ensure the ongoing affordability of the units. An affordability period of 99 years should be specified to maintain the affordability of future units and to protect the public investment in the development of the unit.

The publication, *Inclusionary Housing: Model Policies for Centre County*, provides a strong baseline to adjust and modify the affordable housing incentives in order to stimulate the production of affordable housing. As noted in the report, there is no “cookie cutter” solution that can be used effectively by all of the communities. Each community must devise an inclusionary zoning policy that is tailored to the needs and unique characteristics of the local environment.

There are various tools that can be utilized to explore incentives to developers to encourage the development of affordable housing. As stated earlier, density bonuses alone may not be enough to entice developers to build workforce housing. The issue of the appropriate level of housing density in the townships within Centre County is still under discussion and an evolving topic. The diverse nature of the townships, from rural areas

with larger lot sizes to denser housing and smaller lots in State College Borough, provides a challenge to providing the right mix of density bonuses and other incentives, such as reduced lot size requirements and regulatory relief and an expedited review process. One method of exploring the financial benefit to developers who use the density bonus provision to develop affordable housing is the builder's profit method.<sup>4</sup>

Spring Township's inclusionary zoning ordinance was used as a model to explore use of the builder's profit method in the following two scenarios. A hypothetical 10-acre site is used for each of the examples below.

Builder's Profit Method: Spring Township, Centre County

### **Scenario 1:**

#### *Market Rate Option*

The developer could build a maximum of three single-family units per acre under the township's existing zoning ordinance. The builder plans to sell the single-family homes for an average of \$183,347, the average sales price in the Bellefonte School District in 2010. This would yield the builder a net profit margin of \$550,041 (30 units X \$183,347 multiplied by 10%).

#### *Workforce Housing Option:*

A density bonus of up to 3.5 units per acre/5% for workforce housing is permitted in the zoning ordinance. The developer submits plans to build 35 units on the site. Two of the units, or 5%, would be workforce housing units selling for an estimated \$175,000 each.<sup>5</sup> A projected builder net profit margin of 10% would yield \$640,045 (33 units x \$183,347 plus two units x \$175,000 multiplied by 10%).

#### *Modified Workforce Housing Option:*

If a household earning 80% of the median family household income was used in the calculation, the profit margin would be smaller. The household could afford a maximum of \$127,000, which would yield a developer profit of \$25,400 for the two workforce housing units instead of \$35,000 in the example above. This amount would yield the builder a total net profit of \$630,445 in the example above.

### **Scenario 2:**

If the percentage of workforce housing required was increased to one workforce housing unit for every five market rate units, or 20%, the amount of builder's profit would change. Using 10 acres as the base site, under this scenario a developer could build 50 units total, of which 10 would be workforce housing. Using the same income data that was used in Scenario 1, the following builder's profit would occur:

<sup>4</sup> Montgomery County, PA Planning Commission: Promoting Workforce Housing and Expanding Locations and Development Potential (2008).

<sup>5</sup> The HUD estimated median income in the Centre County MSA for 2010 was \$66,300. If a household earns 100% of the median income the amount of house they could afford would be \$175,000.

- If the 10 housing units were sold to households earning up to 80% of AMI, the net profit would be \$860,388 (40 units x \$183,347, plus 10 units x \$127,000 multiplied by 10%).
- If the 10 housing units were sold to households earning up to 100% of AMI, the net profit would be \$908,388 (40 units x \$183,347 plus 10 units x \$175,000 multiplied by 10%).

Overall, the density bonus provides a net positive incentive for the builder to profit from the development of workforce housing units. An increase in the density would yield a higher builder profit and additional workforce units on the market.

### **C. Assessment of Inclusionary Zoning in Centre County**

To its credit, Centre County has encouraged local units of government to expand the supply of affordable sales housing through inclusionary zoning techniques. Eight municipalities have responded by adopting or drafting inclusionary zoning legislation. In some of the communities developers have worked closely with local officials and non-profits to help address the affordability housing gap. The inclusionary zoning techniques that have been implemented and/or drafted have not been in place for long and it may take time to assess the policy impact on affordable housing development. In addition, the recession adversely impacted new housing starts in Centre County. County and local government officials are hopeful that inclusionary zoning will begin to produce results when the housing market rebounds.

Developers interviewed as part of the Housing Market Study were lukewarm about the effectiveness of zoning measures in creating moderate cost sales housing. Most developers were of the opinion that density bonuses, in and of themselves, are an insufficient inducement to the creation of moderately priced dwellings. From the perspective of the developers, there is simply too much stick and not enough carrot in these ordinances to achieve the desired end.

Developers point out that the cost of developing the moderately priced units is only slightly lower than the cost of building the market rate units. According to the developers, the achievable sales price of the moderately priced units is restricted to an extent that prohibits the developer from breaking even on the sale of these units. Therefore, the developer must be able to achieve sufficient profit from the sale of the market rate units in order to compensate for their losses on the moderately priced units. In a market where achievable sales prices range from \$250,000 to \$450,000, the margins are too thin to justify “robbing Peter to pay Paul”. Moreover, from the perspective of many of the developers, the economic reward associated with the ability to spread the cost of land acquisition, approvals and permitting across a larger number of dwelling units is insufficient to counterbalance their losses on the moderately priced units.

Developers achieve economic return over the long term. A capital outlay for acquisition, approvals, permits, site preparation and infrastructure at the outset of the project may require decades to recover. Developers bring the land to market when conditions are ripe to maximize profits. An unforeseen economic downturn may delay the recovery of their initial investment in the project. They legitimately seek to be compensated in total return for the long term risks of development. Every lot sale is an incremental step towards recovering their initial capital outlay. Every home sale must generate a certain level of builder's profit in order to generate the desired return on the developer's investment. As a result, developers are not particularly anxious to delay profit by encumbering valuable lots with restricted sales prices.

Density bonuses may be somewhat effective in stimulating moderately priced housing, especially in areas where increases in housing costs outpace increases in household income. But in and of themselves, they are ineffective in creating moderately priced sales housing in markets where achievable sales prices are less than \$500,000. In order to improve the effectiveness of density bonuses, they must be coupled with cost offsets, reducing the developer's capital outlay or otherwise reduce project costs. Any public contribution would also offset costs such as capital investment in roads or utility infrastructure, as well as waivers or reductions in fees.

Every developer and every project is unique. Communities that are committed to achieving moderately priced housing should collaborate with developers at the outset of a project to explore the unique factors that add to the project's development costs. Local officials should then consider an appropriate sharing formula to determine the type and level of public subsidy (in addition to density bonuses) that may be effective in achieving the desired end.

The development of workforce housing in Centre County requires a mix of incentives beyond inclusionary zoning. This would include policies for off-site development of affordable units that could be tied to a corresponding increase in the number of affordable units. Gregg Township is the only township that currently provides an off-site option in its ordinance. State College Borough's draft ordinance includes both an off-site development option and a fee in-lieu provision. Another option is in-lieu fee payments that could be deposited into the County's Housing Trust Fund for the development of affordable housing. This method has been used effectively in other regions to provide financial resources for the development of affordable housing. The *Centre County Affordable Housing Needs Assessment: A Blueprint for Action* released in 2005 provided a framework for policy actions that hold true today. Subsequent reports reaffirm many of the policy prescriptions outlined in the document. These include the following recommendations summarized below:

The county is underutilizing federal and state resources that could be utilized for the development of affordable housing. These include DCED



HOME funds, Brownfield funds, McKinney CoC funds, Fannie Mae, PHFA, Rural Development programs, and the Federal Home Loan Bank Affordable Housing Program. Financing the development of affordable housing has been a key topic in the county. These programs should be accessed upon the development of a clear financing strategy.

CCHLT should qualify as a Community Housing Development Organization (CHDO) in order to access state HOME funds. Becoming a designated CHDO requires an application process and approval by DCED. The organization applying for CHDO status must have the organizational capacity to carry-out development activities, including by-laws and a board composed of at least one-third low income representatives and no more than one-third government officials or government employees. Community land trusts are not required to demonstrate its ability to carry-out HOME activities as required for other 501(c)(3) organizations. Once qualified as a CHDO under the state HOME program, CCHLT can apply for operating funds and capacity-building funds in addition to project funds.

Additionally, a revolving loan fund should be capitalized using a combination of public and private funds. The fund could be capitalized using an in-lieu fee payment by developers. This would provide the critical resources needed for the acquisition of land and buildings for development. In addition, discussion has also taken place around the development of an Employer Assisted Housing Program (EAH). This model has been used successfully in many communities around the country that have one or more large employer, such as a hospital or university, with employees who cannot afford housing in the local market. While these tools should be explored, the final component in the recommendations is the need for the county to work with one or two municipalities to adopt and test regulations that promote the development of workforce housing, and to provide financial and other incentives to the municipalities. Due to the recession and the resulting decline in the housing market, it has been a challenge for communities that have recently implemented inclusionary zoning regulations to determine which approach, or which set of tools, are needed to encourage developers to include workforce housing in their developments. With financing for projects more difficult developers are more hesitant to develop housing in a market that is unsettled.

In addition, within the recommendations section of the *2005 Centre County Affordable Housing Needs Assessment: A Blueprint for Action* document a “Prototype 3” was provided that outlined a possible approach to the development of workforce housing. Much of what is outlined remains current. The need, though, is to create a model that can be replicated or modified as needed to fit the unique circumstances of the townships within Centre County.

Finally, one of the common themes heard from those in the townships with inclusionary zoning is the lack of local capacity to address the development of affordable housing, from what type of inclusionary zoning to include to

working with developers. This has been partially addressed through the commitment of one staff person at the county, who can play an increasingly important role when the residential housing market recovers in Centre County.

#### **D. Centre County First Time Homebuyer Program**

Centre County offers a First Time Homebuyer Program to encourage homeownership for households below the area median income. This program is funded in part through the Centre County Housing Trust Fund. Under the program, qualified buyers may apply for down payment assistance up to a maximum of \$10,000, or 10% of the purchase price, whichever is less. Assistance is provided in the form of a 0% deferred payment loan. The loan becomes payable when the house is resold, refinanced for more than the original purchase price, ceases to be a full-time permanent residence of the borrower, or when the mortgage has been paid in full.

Applicants must qualify for a primary mortgage loan from a participating bank. The applicant must be a first-time homebuyer, meaning the household has been renting a home and has not owned a home during the past three years, or is otherwise eligible as a single parent who is legally separated and has joint or full custody of one or more minor children. In addition, the applicant must also be a U.S. citizen and have resided in Centre County for one year.

Homes that are purchased with assistance under this program must be located within Centre County. Buyers must participate in the bank's homeownership counseling program. Before sales are finalized, homes must be inspected by a professional housing inspector. Borrowers must occupy the home as their principal residence.

The purchase price may not exceed \$237,000 and should be consistent with the Pennsylvania Housing Finance Agency's Keystone Home Loan Program, which adjusts the maximum purchase price as needed. Also, at the time of application, the buyer's liquid assets (cash) and real property cannot exceed \$15,000. At the time of settlement, the buyer's liquid assets (cash) cannot exceed \$5,000.

The County's First Time Homebuyer Program is a useful and necessary inducement to attract buyers to CCHLT homes. To date, a total of 301 homebuyers have purchased housing units through this program since 1996.

The county should give top priority to otherwise eligible program applicants who participate in an inclusionary housing development in the county.

## 9. TRANSPORTATION AS A FACTOR OF HOUSING AFFORDABILITY

This section of the report discusses the trade-offs faced by prospective homebuyers when deciding whether to purchase a more expensive home that is close to work versus a less expensive home that requires a longer commute to work. For example, State College and Bellefonte Boroughs are compact, walkable communities that are located in proximity to the county's employment centers. The suburban and rural areas in the county, including Bald Eagle and Keystone School Districts, require greater dependence on private transportation. Homebuyers frequently trade off less expensive housing in rural areas for a longer commute, only to find themselves spending more hours behind the wheel and more money on gas and vehicle maintenance. This is especially true in Centre County where many consumers place a high value on privacy and rural character and do not seem to be deterred by longer commutes.

In recent studies conducted by the Center for Neighborhood Technology (CNT), once the expenses of vehicle ownership are taken into account, close-in, walkable and transit-oriented neighborhoods may actually be less costly than suburban locations because they allow households to reduce auto ownership or just drive less frequently. CNT created an analytical tool that calculates housing and transportation affordability for some of the larger U.S. cities.

CNT's study found that people who are able to live in compact, walkable and transit-oriented communities can realize savings in transportation related costs. Researchers recently documented these costs for the Atlanta region. Based on research results from the SMARTRAQ study, an average two-car household in a highly walkable neighborhood was estimated to consume 25% less gasoline each year compared to a household that lives in an outlying suburb.

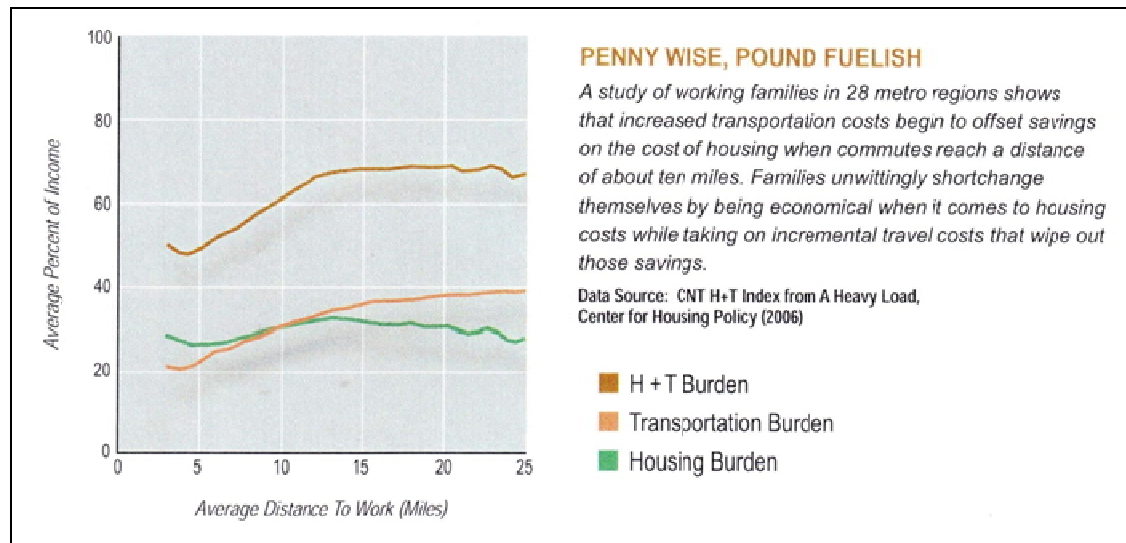
At a cost of \$3 per gallon, this is an estimated savings of \$786 per year in gasoline costs alone. If a household is also able to reduce car ownership, its savings increase to \$4,600 per year, even when factoring in the additional cost of public transportation. There also may be health benefits from reduced car ownership, as found in one study on youth that was based on the same Atlanta region data set.

In the report *A Heavy Load*, CNT's analysis for the Center for Housing Policy, it was demonstrated that transportation costs of working households (defined as those households earning \$20,000-\$50,000 annually) can equal or exceed housing costs on the urban fringe. The burden of needing to own one more vehicle per household is severe for these households. Vehicle ownership alone averages more than \$5,000 per year, while fuel and maintenance can add another \$2,000 per year per vehicle. The housing and transportation index attempts to analyze the trade-off between housing and transportation costs based on the location of the home. Buyers who choose suburban or rural locations often pay more in increased transportation costs than they save on a mortgage payment. Homebuyers are often unaware of the added costs of commuting to work because

transportation expenses are less obvious since they are paid in small and fractured ways that make them difficult to track.

The graph below shows that increased housing costs begin to offset savings on the cost of housing when commutes reach a distance of 10 miles.

**Figure 9-1**  
**Comparison of Housing and Transportation Costs**



Source: Center for Neighborhood Technology

CNT's Housing + Transportation (H+T) Index addresses this disparity by calculating the transportation costs associated with a home's location thereby providing an accurate measure of housing affordability. In conducting its research, CNT collected data from 337 metro areas, ranging in size from large cities with extensive transit like the New York metro region to small metros with limited transit options, such as Fort Wayne, Indiana. CNT's affordability index utilizes 45% of household income as a reasonable allowance for the combined cost of housing and transportation. The affordability standard for the cost of housing alone is 30% of household income. For transportation, the affordability standard is 15% of household income. When the combined cost of housing and transportation is equal to or less than 45% of the Area Median Income, the market is considered affordable.

Based on CNT's research, seven out of ten of the studied communities (69%) are considered affordable under the traditional definition of housing costs at 30% of income. That number, however, drops to four out of ten (39%) when housing and transportation costs are combined and a 45% affordability benchmark is applied. Clearly, the cost of transportation is a major determinant of affordability in housing markets.

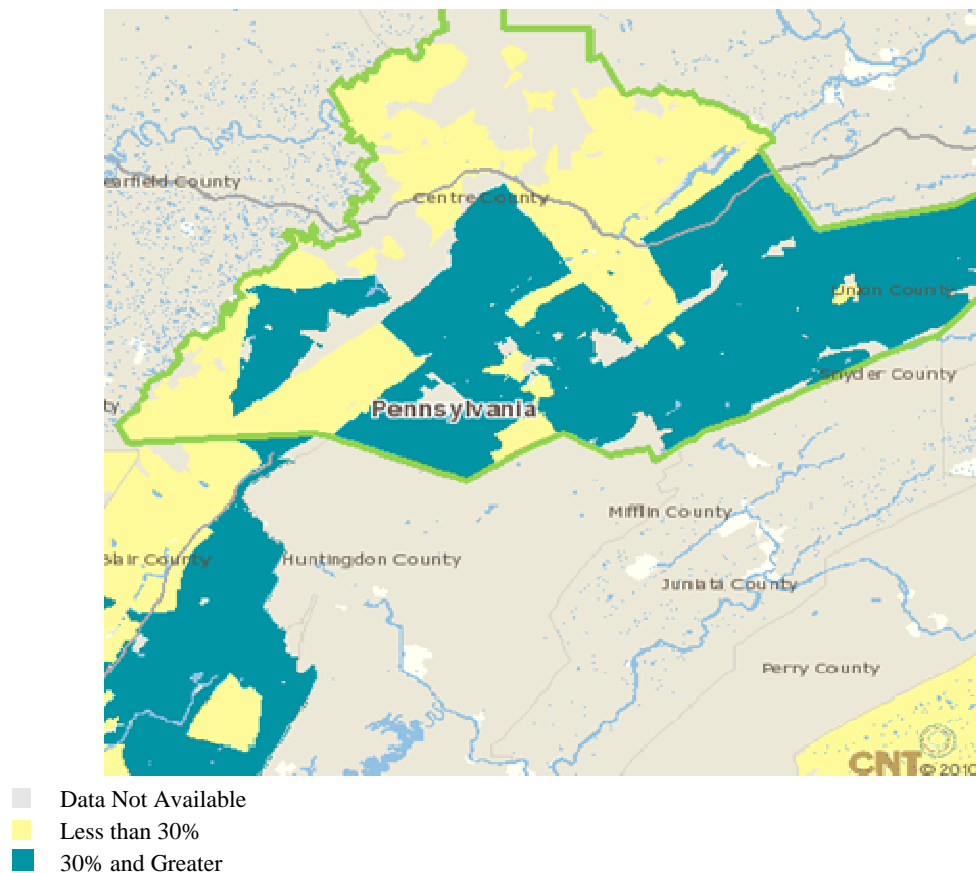
For the Centre County region, CNT's Housing + Transportation (H+T) Index was utilized to better understand the relationship between the costs of transportation and housing. There were two components to the analysis: 1) housing and

transportation costs as a percent of income, and 2) annual household gasoline expenses. The purpose of this analysis is to determine how the cost of transportation affects the affordability of Centre County's housing markets.

CNT analyzed the cost of housing in Centre County and presented its results as shown in Figure 9-2. The blue shaded areas on Figure 9-2 are those housing markets in the central, southern and eastern areas of the county where 44.6% of all households contribute more than 30% of their household income to the cost of housing. These households are considered cost-burdened.

The yellow-shaded areas on Figure 9-2 are those affordable markets where 52.8% of all households contribute less than 30% of their household income to the cost of housing.

**Figure 9-2**  
**Housing Costs as a Percent of Income**



Source: Center for Neighborhood Technology

According to the data provided by CNT in Figure 9-3, there are a total of 135,785 persons in Centre County. It appears from the analysis that over 52.8% of the persons who live in Centre County contribute 30% or less of their household income towards housing. However, the affordability equation changes quite

dramatically when the combined cost of housing and transportation are considered.

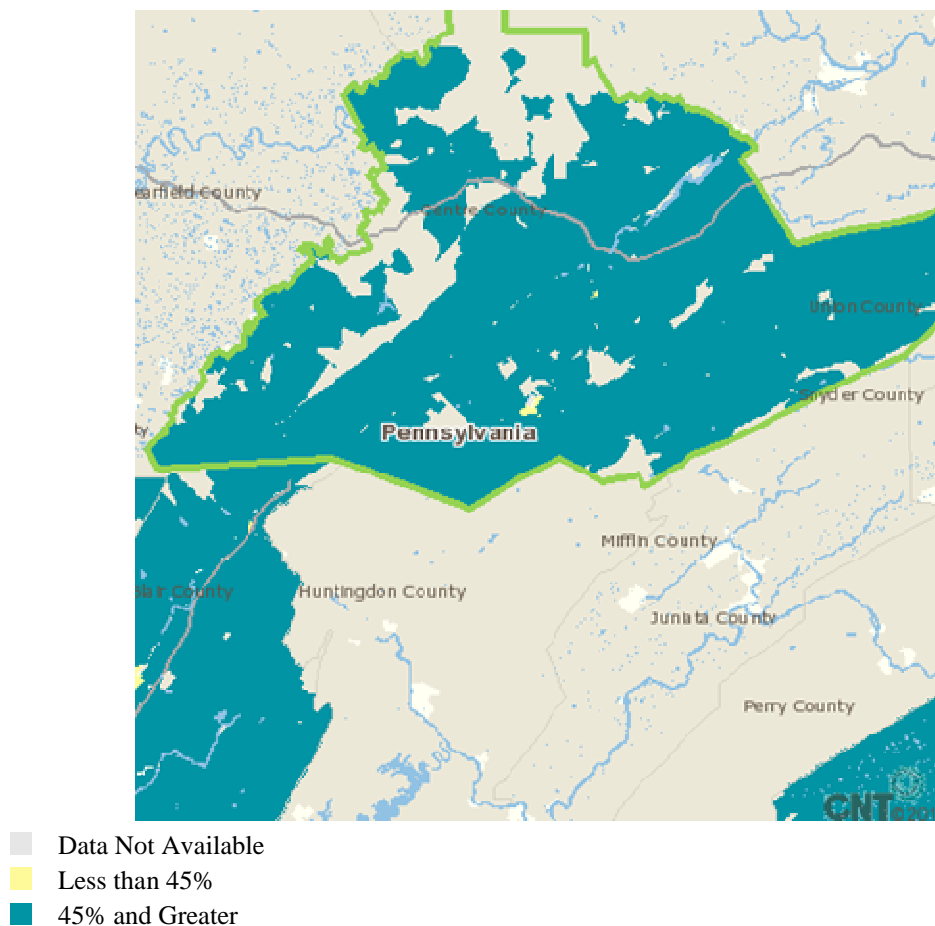
**Figure 9-3**  
**Housing Costs as a Percent of Income**

	Criteria	Population	Percent of Population
	No Data Available	3,610	2.70%
	Less than 30%	71,659	52.80%
	30% and Greater	60,489	44.60%
	Map Total	135,785	100%

Source: Center for Neighborhood Technology

Using the combined (H+T) affordability standard of 45%, virtually all of the areas of the County that were considered to be affordable using the 30% housing standard (i.e. the yellow-shaded areas on Figure 9-2) become blue (i.e., unaffordable) on Figure 9-4.

**Figure 9-4**  
**Housing and Transportation Costs: Percent of Income**



Source: Center for Neighborhood Technology

**Figure 9-5**  
**Housing and Transportation Costs: Percent of Income**

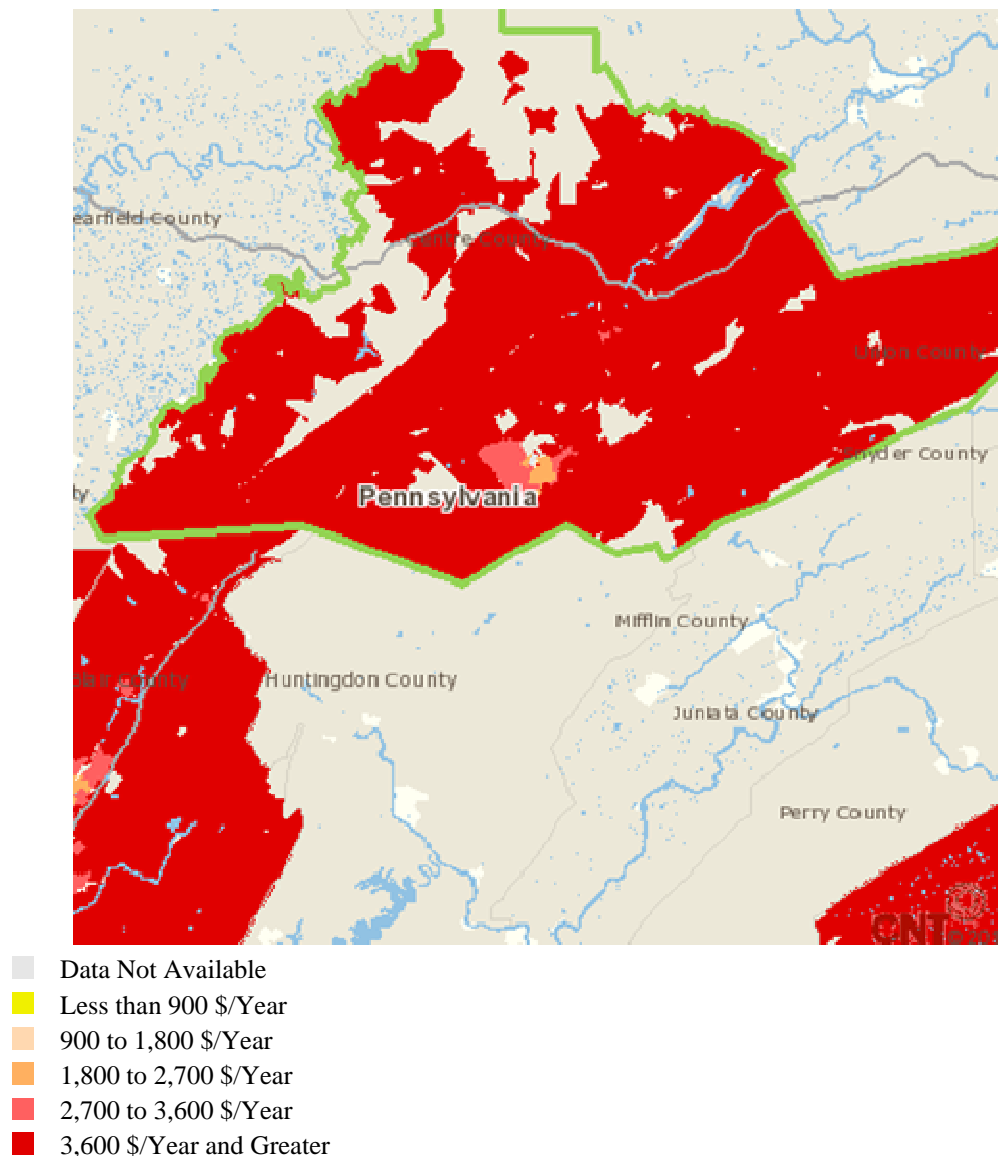
	Criteria	Population	Percent of Population
	No Data Available	3,610	2.70%
	Less than 45%	17,167	12.60%
	45% and Greater	114,981	84.70%
	Map Total	135,781	100%

Source: Center for Neighborhood Technology

According to the CNT data, over 84% of the persons who live in Centre County contribute more than 45% of their household income towards housing and transportation costs. Using CNT's H+T calculations, the number of cost burdened households increased from 60,489 on Figure 9-2 to 114,981 on Figure 9-4. This indicates that although housing alone is more affordable in the outlying areas of Centre County, the combined cost of housing and transportation renders the vast majority of the county unaffordable.

In Figure 9-6, it would appear that for the majority of Centre County residents the annual cost of gasoline represents a considerable element of the household budget. According to CNT, a large number of Centre County households pay \$3,600 per year or more for gasoline purchases. This is indicated in red in the map below. Households residing in neighborhoods in proximity to State College Borough appear to pay less, ranging from \$1,800 to \$3,600 annually.

**Figure 9-6**  
**Annual Household Gasoline Expenses (2008)<sup>6</sup>**



A more targeted analysis of the impact on automobile and related transportation costs in communities in Centre County was conducted to estimate the impact of transportation expenses on affordability. The cost of transportation was estimated for eight separate housing markets in Centre County. The following table shows selected communities in Centre County with varying degrees of distance from State College. As the distance from State College increased, so did the monthly transportation costs.

<sup>6</sup> Annual Household Gasoline Expenses are calculated using Vehicle Miles Traveled (VMT) per household, a 2008 Regional Peak Price, and an average Fuel Efficiency of 20.3 mpg. All values utilized for this calculation are based on 2000 data with the exception of the gas price. Comparing this figure to Annual Household Gasoline Expenses, gas price illustrates the impact of fluctuating gas prices on a typical household's gasoline expenses.



**Figure 9-7**  
**Estimated Centre County Transportation Costs – Selected Communities**

Community	School District	Round Trip Distance to State College <sup>1</sup>	Monthly Operating Costs <sup>2</sup>	Monthly Vehicle Maintenance and Insurance Costs <sup>3</sup>	Total
Boalsburg	State College	8	\$82	\$320	\$402
Bellefonte Borough	Bellefonte	21.8	\$222	\$320	\$542
Milesburg Borough	Bald Eagle	25.4	\$259	\$320	\$579
Port Mathilda Borough	Bald Eagle	26	\$265	\$320	\$585
Howard Borough	Bald Eagle	46	\$469	\$320	\$789
Phillipsburg Borough	Phillipsburg-Osceola	47	\$479	\$320	\$799
Millheim Borough	Penns Valley	48	\$490	\$320	\$810
Snowshoe Borough	Bald Eagle	60	\$612	\$320	\$932

1. Estimates are based on a calculation of travel distance provided by Mapquest.

2. Monthly operating costs were calculated using the 2011 IRS allowance guidelines for privately operated vehicles.

3. Monthly maintenance and insurance costs were derived from the 2011 AAA average annual costs estimates for a medium-sized sedan.

Source: Mullin & Lonergan Associates

In Figure 9-8, the cost of owning a median sales price home in each of the eight housing markets in the county was estimated. Four of the housing markets were combined into one category due to the location of these communities in the Bald Eagle School District.

**Figure 9-8**  
**Estimated Centre County Housing Costs – Selected Communities<sup>7</sup>**

Community	School District	Average Sales Price	Monthly P & I	Monthly Real Estate Taxes	Monthly Homeowner's Insurance	Total Monthly Cost of Housing
Boalsburg	State College	\$251,283	\$1,214	\$509	\$50	\$1,773
Bellefonte Borough	Bellefonte	\$183,347	\$886	\$434	\$50	\$1,370
Milesburg Borough, Port Mathilda Borough, Howard Borough, Snowshoe Borough	Bald Eagle	\$127,202	\$615	\$293	\$50	\$958
Phillipsburg Borough	Phillipsburg-Osceola	\$85,635	\$414	\$217	\$50	\$681
Millheim Borough	Penns Valley	\$158,196	\$764	\$338	\$50	\$1,152

Source: Centre County Association of Realtors MLS Data, Centre County Tax Assessment Office, Mullin & Lonergan Associates calculations

Note the disparity in the monthly cost of housing between the *most* expensive housing market (State College School District) and the *least* expensive housing market (Phillipsburg-Osceola) is nearly \$1,100.

Figure 9-9 depicts the combined cost of housing and transportation for the eight housing markets. When the monthly transportation costs are added to the monthly housing costs in the selected communities, a clearer picture of affordability emerges.

<sup>7</sup> Average sales price data was derived from the 2010 MLS data. Monthly P & I expenses (principal and interest) were based on a 30 year fixed mortgage at a 5% interest rate. Monthly real estate taxes were based on an average of the 2011 millage rate within each school district. Monthly homeowner's insurance is an estimate.

**Figure 9-9**  
**Estimated Total Cost of Housing and Transportation – Selected Communities**

Community	School District	Monthly Transportation Costs	Monthly Housing Costs	Total Monthly Cost of Housing and Transportation
Boalsburg	State College	\$402	\$1,773	\$2,175
Bellefonte Borough	Bellefonte	\$542	\$1,370	\$1,912
Milesburg Borough	Bald Eagle	\$579	\$958	\$1,537
Port Mathilda Borough	Bald Eagle	\$585	\$958	\$1,543
Howard Borough	Bald Eagle	\$789	\$958	\$1,747
Phillipsburg Borough	Phillipsburg-Osceola	\$799	\$681	\$1,480
Millheim Borough	Penns Valley	\$810	\$1,152	\$1,962
Snowshoe Borough	Bald Eagle	\$932	\$958	\$1,890

*Source: Centre County Association of Realtors MLS Data, Centre County Tax Assessment Office, AAA, IRS 2011 Allowance, Mullin & Lonergan Associates calculations*

Note the disparity in the total monthly cost of housing and transportation between the most expensive housing market (State College School District) and the least expensive housing market (Phillipsburg-Osceola School District) decreases to about \$700. When the combined costs of housing and transportation are considered, several of the more expensive housing markets closer to State College become more attainable.

Snowshoe Borough has a relatively low cost of housing, with an estimated monthly housing cost of \$958. However, when the cost of transportation is factored into the equation the total cost of housing and transportation in Snowshoe Borough is almost equivalent to the total cost of housing and transportation in Bellefonte Borough, where the cost of housing alone is almost one-third higher than it is in Snowshoe Borough.

Port Matilda Borough, which is located 13 miles from State College (26 miles round-trip), has a comparable total housing and transportation cost as Phillipsburg Borough, which is located almost twice as far from State College.

The above examples highlight the housing and transportation trade-offs that home buyers must consider when determining where to purchase a home. If transportation costs increase more rapidly than housing costs (due to a sudden spike in the cost of gasoline), the disparity in the total cost of housing and transportation between the various housing markets will decline further. In this circumstance, selecting a home in a more dynamic real estate market where values are rising would make good economic and conservation sense. Of course, this analysis does not account for consumer lifestyle preferences and the apparent willingness of many Centre County consumers to travel longer distances to work.

## 10. RECOMMENDATIONS

This section of the report is designed to assist CCHLT in establishing its programmatic priorities for the expansion of affordable sales housing in Centre County.

CCHLT wishes to implement an ongoing shared equity sales housing initiative that addresses four underlying goals:

- Create a portfolio of affordable sales housing units in various areas of the county that are affordable to working households earning up to 120% of the median income for Centre County.
- If applicable to the project, recapture and recycle the initial public subsidy that was used to make the transaction affordable.
- To the maximum extent feasible and practicable, select sites and design the program in a manner that enables participants to live closer to work.
- Incorporate features in the program design that render the model feasible and sustainable over the long term.

Towards this end, we offer the following recommendations:

### A. Geographic Priorities

- CCHLT should focus its efforts primarily in the Centre Region (i.e., Patton Township, College Township, Harris Township, Ferguson Township, and Halfmoon Township). In general, CCHLT should seek to create affordable sales housing that is within easy commuting distance of State College and located in proximity to public transit routes. Sales housing that meets these criteria will be highly marketable to working households that wish to become homeowners but cannot afford to purchase homes in the Centre Region.

The State College School District is the only school district in Centre County where the number of households ages 25-54 with incomes below median income is expected to increase. It would be logical for CCHLT to select properties in geographic areas that are expected to experience growth rather than decline in the number of households that are income-eligible for shared equity sales housing.

The housing market in the Centre Region is vibrant. In 2010, 58% of all residential sales transactions in the county took place in the State College School District. The State College School District consistently leads the county in terms of residential building permits issued (185 issued in 2009), with the Bellefonte School District following closely behind (184 issued in 2009). County residents who work in the State College area are attracted to the Centre Region because of its proximity to the workplace. From a marketing perspective, it is logical for

CCHLT to introduce its sales housing products in an active real estate market where demand is strong and values are increasing.

The Centre Region also makes sense as a location for CCHLT housing because the cost of housing is unattainable for most low- and moderate-income households. Although the volume of home sales in the Centre Region declined during the recession of 2008-2010, sales prices have remained healthy. The average sales price of homes in the Centre Region in 2010 was \$251,283, the highest in the county. For example, a household with an income of \$45,937 could afford a home with a sales price of \$155,000. These households would be excluded from all but the least expensive homes in the Centre Region.

Finally, many of the municipalities that have adopted inclusionary zoning ordinances are located in the Centre Region. It makes sense for CCHLT to focus its efforts in communities that recognize the need for moderately priced dwelling units and that have taken initial steps to induce such housing. For all of the above reasons, the Centre Region is the area of the County most in need of a shared equity housing program.

The housing stock outside of the Centre Region is somewhat more affordable to households earning between 60% and 120% of median income. There is less of a compelling need for CLT housing outside of the Centre Region.

- As a secondary priority, CCHLT should consider properties located outside of the Centre Region that meet the underlying goals of the program.

One obvious example of a logical area in which to provide shared equity housing is the Borough of Bellefonte. As the seat of county government and a major employment center unto itself, Bellefonte offers an opportunity to assist households that are employed locally and/or in State College. Bellefonte is accessible to jobs in State College via public transit, although service is limited. The driving time from Bellefonte to State College is about 15 minutes, which makes it an attractive location for commuters. In 2010, 21% of all residential real estate transactions in the county took place in the Bellefonte School District, making it the second most dynamic real estate market in the county. The compact village character of the Borough of Bellefonte offers an alternative to the suburban development pattern in the Centre Region, a factor that may be appealing to certain prospective buyers. With a 2010 average sales price of \$183,347, the Bellefonte School District is the second most expensive housing market in the county. For these reasons, CCHLT may wish to provide shared equity housing in the Bellefonte market.

## **B. Housing Product**

- Focus on single family detached housing products

Although the recent Amberleigh townhouse development in Benner Township (Bellefonte School District) sold well to first-time homebuyers, there remains a strong preference for single family detached housing among consumers in Centre County. Single family homes are more marketable than any other sales housing product. According to the consumer preference survey, there appears to be limited consumer interest in condominiums and townhomes outside of State College Borough at this time.

## **C. New Construction versus Rehabilitation of Existing Sales Property**

- New Construction

The appeal of a new home is highly effective in motivating prospective buyers to consider a shared equity approach to homeownership. New construction also provides CCHLT with an opportunity to collaborate with private builders and land developers. Several local units of government in the Centre Region have adopted incentives such as density bonuses for inclusionary housing. Developers have been slow to respond to these incentives. New construction projects would afford an opportunity to blend the CLT model with local government inducements to create affordable sales housing. The State College Borough CLT model focuses exclusively on existing homes, which is appropriate for a built-out municipality with few opportunities for new construction. New construction projects offer an opportunity for CCHLT to add a new feature to the CLT model that can be offered in addition to the rehabilitated homes in State College Borough.

- Acquisition and rehabilitation for resale

Acquisition and rehab for resale can be an effective tool to revitalize mature neighborhoods. Neighboring property owners are less likely to resist CLT housing when CCHLT's investment contributes to the stability of their neighborhood. This is especially true when CCHLT's investment in the property is coupled with CDBG-funded public improvements or other public investments in the neighborhood. Acquisition/rehab/resale may be an effective CLT strategy in a community such as the Borough of Bellefonte.

Acquisition of foreclosed homes from lenders and taxing authorities is also a beneficial strategy to expand affordable sales housing using the CLT model. Savings in the cost of acquisition may compensate for the added complications of acquiring residential property through the foreclosure process.

## D. Program Design

- Don't try to reinvent the CLT wheel in Centre County.

To the maximum extent feasible, CCHLT should design its program in a manner that is consistent with that of the State College Community Land Trust. With over 30 shared equity transactions to its credit, the SCCLT has been successful by any measure. Public perception of the Borough's program is positive. Consumers now have an understanding of the CLT model and actively seek out opportunities to purchase homes from SCCLT. These prospective buyers are prime candidates for purchasing CCHLT homes. Moreover, the local real estate industry (i.e., Realtors, attorneys, banks, and appraisers) understand and endorse the SCCLT program. They have already adjusted their products and services to conform to the CLT model. Legal instruments such as land leases and mortgages have already been created and are routinely utilized in the SCCLT program.

CCHLT is well on its way to accomplish modeling after SCCLT. CCHLT should strive to build on this track record and extend it to areas of the county that have not been served. The goal is to create a parallel program in the county that is very similar to the CLT program available in State College Borough. It is difficult for consumers to understand the CLT concept. Prospective buyers should be able to move comfortably from one CLT program to the other without the need to comprehend a new set of operational guidelines.

There are many synergies and economies of scale to be derived from collaboration between SCCLT and CCHLT:

- Opportunity for collaborative public education and marketing initiatives
- Opportunity to share information on resales
- Opportunity for collaborative pre-purchase homebuyer education and outreach initiatives
- Joint pre-qualification process for prospective participants
- Opportunity to collaborate on the provision of pre-purchase household budgeting
- Opportunity to collaborate on the provision of post-purchase household budgeting support and mentoring
- Opportunity to achieve consistency on land lease payments (an important source of revenue for day-to-day administration of the CLT program)
- Opportunity to share legal documents and program guidelines

- Opportunity to collaborate on property management issues

## **E. Capitalizing the CLT Program**

Accumulating the cash to create and operate a CLT program in Centre County will be a challenging task in the current austere budget environment. Many of the state and federal sources of funds for housing assistance have not received a legislative appropriation of funds or are under extreme budget pressure as government at all levels face significant operating deficits. For example, in FY 2011-12, which begins on July 1, 2011, the Pennsylvania Legislature did not appropriate any funds for the State's Housing and Redevelopment Assistance Program. The Congressional appropriation for HUD's CDBG and HOME Program will be reduced in FFY 2011. In the short term, fiscal limitations at the state and federal levels will create a higher level of reliance on local public and private resources in Centre County to capitalize CCHLT's shared equity housing program.

- Working capital

A "first mover" source of capital is needed to create a fund that can be used to finance the speculative acquisition of residential properties in marketable locations. Due to regulatory restrictions, it is difficult to use federal funds for speculative acquisition of property. Some combination of charitable contributions, gifts from foundations and Centre County Housing Trust Fund resources will be required to create a war chest of cash to finance property acquisition.

Ideally, CCHLT should acquire funds (e.g., HOME funds) to purchase the lots within new residential developments that include workforce housing units developed under municipal inclusionary zoning ordinances. If CCHLT holds the ground lease on a parcel, it could require long term affordability and resale provisions not otherwise possible through the municipal inclusionary provisions alone.

- Subsidizing transactions for buyers with incomes below 80% of median income

Federal HOME funds can be used for a variety of homeownership activities that are targeted to households with incomes below 80% of the median income (about \$53,040 in Centre County). HOME funds can be used to provide downpayment and closing cost assistance to the income-qualified buyer. In addition, HOME funds can be used as a development subsidy to fill financing gaps in the development budget, both for new construction projects and rehabilitation of existing homes. Federal HOME funds are available from PA DCED on a competitive basis. In order to qualify, CCHLT would need to meet the eligibility criteria as a Community Housing Development Organization (CHDO).



Federal CDBG funds may be used to rehabilitate residential properties that are owned and occupied by households with incomes below 80% of median. In order to use CDBG funds for rehab in a homeownership transaction, title to the property must pass to the new lower income owner before rehabilitation assistance can be provided. Centre County receives an annual allocation of CDBG funds from PA DCED.

- Subsidizing transactions involving buyers above 80% of median family income

Since CDBG and HOME funds are restricted to households with incomes below 80% of median income, County Housing Trust Fund resources, along with gifts from foundations and contributions from local governments, must be used to subsidize transactions involving buyers above 80% of median income.

- Capitalizing the cost of rehabilitation of CCHLT homes at the time of sale

When a participating homeowner decides to move, CCHLT must prepare the home for resale to a successor low and moderate income household. Invariably, the property will require rehabilitation in order to attract prospective buyers. CCHLT may wish to create a rehabilitation fund for this purpose. Alternatively, CCHLT may utilize its share of the proceeds (i.e., appreciated value) from the sale to finance the rehabilitation of the dwelling.

## **F. General Recommendations**

- Start small, follow the path of least resistance, and undertake relatively simple projects at the outset in order to build capacity and confidence.
- Reduce NIMBYism and other forms of neighborhood resistance by avoiding properties that require zoning hearings. One way to avoid the expense and exposure of the approval process is to collaborate with for-profit builders and land developers who control residential land in the Centre Region.
- The county should consider giving first priority to eligible home buyers who seek to purchase housing units created through any inclusionary zoning ordinance provision. The funding assistance through the County's First Time Homebuyer Program should be marketed along with the affordable housing units to maximize buyers' incentives.
- Strive for geographic diversification. Because different buyers will be attracted to different locations, CCHLT should be able to offer prospective participants a portfolio of homes in a variety of stable neighborhoods.
- Strive for product diversification. A portfolio that includes a mix of new infill development, greenfield development, and rehab of existing housing will appeal to a broader cross-section of prospective buyers.



- Establish the selling price of CCHLT homes below appraised value. It is difficult for many consumers to comprehend the CLT model. In order to overcome the hesitancy of consumers to consider alternatives to conventional financing, CCHLT must induce sales by offering its homes for sale at below-market prices.
- Exhaust all means necessary to secure suitable land and properties for CLT housing. The dominant characteristic of an effective CLT organization is one that is connected to numerous individuals and organizations who touch residential housing in a variety of ways. A highly networked CLT organization will follow up on a variety of sources on sales leads, including bank foreclosures, Realtors, local government planning and code enforcement officials, land developers, builders, neighborhood organizations, attorneys (e.g., bankruptcy, divorce, estates, etc.), family connections, and friends.
- Compensate Realtors for their time and effort in bringing buyers to CLT transactions. Realtors play a vital role in educating prospective buyers and introducing them to CCHLT properties. As such, they deserve to be compensated for their services. CCHLT should pro-actively address the issue of Realtor compensation by negotiating a commission schedule for CLT transactions with the Centre County Association of Realtors.
- Designate CCHLT as a CHDO in order to expand capacity and to access additional financial resources to develop affordable housing.
- Establish an Employer Assisted Housing (EAP) program with Penn State University or another large employer to encourage home ownership near the employment center.
- Explore the potential for a pilot affordable housing project in partnership with multiple stakeholders to provide a more regional approach to providing affordable housing.
- Consider other types of housing, including rental, in the mix of affordable housing. Rental housing is likely to be an increasing area of demand in the county.
- Continue the county's Housing Coordinator position as full-time to coordinate the multitude of funded programs and activities to streamline the process for developing affordable housing. Staff in many municipalities expressed the need for continued assistance in developing affordable housing policies that can be adapted to their particular location. CCHLT is well positioned to provide assistance to communities on a range of affordable housing issues. The Housing Coordinator can continue to work in partnership with CCHLT (and others) to provide technical assistance on financial and housing resources and in order to meet the affordability housing gap in Centre County.

- The CCHLT should develop a strategy for expanding staff capacity. The Centre County Commissioners have committed a portion of the Housing Coordinator's hours to the CCHLT through an annual Memorandum of Agreement; however, additional hours will be needed in the future to support the work of the CCHLT in meeting affordable housing needs in our local communities.
- CCHLT should continue to be an advocate for affordable housing and remain in close contact with communities in the county as they work on inclusionary zoning and other aspects of providing affordable housing.
- Establish a five-year production goal with performance benchmarks. Every organization benefits from a strategic planning process that establishes written numeric production goals and a description of the path that will be followed to achieve those goals.
- Celebrate success! Each year, CCHLT should evaluate its progress towards meeting defined goals and readjust its strategy, as appropriate.